

394 SCRA

HB 795 - HB 913

0072

FAIRBANKS TOWN & VILLAGE ASSN. FOR DEVELOPMENT, INC.

CHART OF ACCOUNTS con't.

October 1, 1977 thru September 30, 1978

R.C.I.P.		D.C.R.A. Weatherization	
510.4	Salaries & Wages	510.9	Salaries & Wages
520.4	Contracted Services	520.9	Contracted Services
530.4	Transportation	530.9	Transportation
540.4	Per diem	540.9	Per Diem
561.4	Office Space	562.9	Equipment Rental
562.4	Equipment Rental	571.9	Equipment Purchases
581.4	Consumable Supplies	581.9	Consumable Supplies
583.4	Printing & Publications	584.9	Telephone & Telegraph
585.4	Personnel Burden	585.9	Personnel Burden
586.4	Miscellaneous	586.9	Miscellaneous (Prog. Material)
H.U.D.		Energy Conservation/Crisis Intervention	
510.5	Salaries & Wages	510.10	Salaries & Wages
520.5	Contracted Services	520.10	Contracted Services
530.5	Transportation	530.10	Transportation
540.5	Per Diem	540.10	Per Diem
562.5	Equipment Rental	562.10	Equipment Rental
581.5	Consumable Supplies	571.10	Equipment Purchase
585.5	Personnel Burden	581.10	Consumable Supplies
586.5	Miscellaneous (Prog. Materials)	585.10	Personnel Burden
Air Cargo/Air Dev.		586.10.1	Miscellaneous (Prog. Materials)
510.6	Salaries & Wages	586.10.2	Miscellaneous (Crisis Intervention)
520.6	Contracted Services	Energy Conservation INKIND	
530.6	Transportation	510.10a	Salaries & Labor
540.6	Per Diem	520.10a	Consultants
581.6	Consumable Supplies	530.10a	Transportation
585.6	Personnel Burden	540.10a	Per Diem
586.6	Miscellaneous	561.10a	Office Space
Winterization - C.S.A.		562.10a	Equipment Rental
510.7	Salaries & Wages	564.10a	Utilities
520.7	Contracted Services	584.10a	Telephone & Telegraph
530.7	Transportation	586.10a	Miscellaneous (Prog. Materials)
562.7	Equipment Rental	Public Fire Education -F.N.S.B.	
571.7	Equipment Purchase	510.11	Salaries & Wages
581.7	Consumable Supplies	520.11	Contracted Service
585.7	Personnel Burden	530.11	Transportation
586.7	Miscellaneous (Prog. Materials)	562.11	Equipment Rental
Winterization - C.S.A. InKind		581.11	Consumable Supplies
510.7a	Salaries & Labor	585.11	Personnel Burden
520.7a	Consultants	586.11	Miscellaneous
530.7a	Transportation	Alaska Humanities Forum	
561.7a	Office Space	510.12	Salaries & Wages
562.7a	Equipment Rental	520.12	Contracted Service
584.7a	Utilities	530.12	Transportation
581.7a	Consumable Supplies	540.12	Per Diem
584.7a	Telephone & Telegraph	581.12	Consumable Supplies
585.7a	Personnel Burden	585.12	Personnel Burden
586.7a	Miscellaneous	586.12	Miscellaneous
C.E.T.A.			
510.8	Salaries & Wages		
520.8	Consultants		
562.8	Equipment Rental		
571.8	Equipment Purchase		
581.8	Consumable Supplies		
585.8	Personnel Burden		
586.8	Miscellaneous		

PLANNING AND MANAGEMENT BUDGET
FY '79

October 1, 1978 - September 30, 1979

Operations

Program Categories

Major Projects

Published for Preliminary Review and Approval:

February 26, 1978

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INTRODUCTION

The Fairbanks Town and Village Association for Development, Incorporated began full time operations in the fall of 1972 with an annual budget slightly in excess of \$75,000.00. Funds were provided by the Fairbanks North Star Borough and the federal Economic Development Administration. According to the audit report for the fiscal year ending June 30, 1976, the association spent \$144,101.00 for its operations and programs.

However, this audited annual expenditures jumped to \$250,000.00 in the period ending September 30, 1977, and it is anticipated that by the end of FY '78 the association will have spent in excess of 1/2 million dollars. Sources of contracted revenues include the borough, the city, three agencies of the State of Alaska, and four agencies of the federal government.

We expect this explosive rate of growth to continue through 1979.

Obviously managing a \$75,000.00 budget involving four permanent employees is less complicated than managing our present program, let alone the anticipated growth in that program next year. Accordingly we have developed the attached budget format which anticipates a total budget in excess of a million dollars during FY '79.

Two parameters guide us in developing this budget format: 1) all revenues and all costs of operating the program are shared among "operations," "program categories," and "major projects." There are no hidden assets or undefined overhead costs; 2) the three professional officers - the Executive Director, the Deputy Director and the Project Coordinator - are fully responsible for their respective areas of management and are, by this budget, assigned a fixed share of the support costs in the operating budget for that purpose.

The interested layman, we hope, should have little difficulty tracing the cost of exercising the duties of each of the professional officers in their work on general management, operating responsibilities and program development and management.

Finally, as the budget makes clear there is a minimum amount of money necessary for the existence of the Fairbanks Town and Village Association. Without this money - budgeted in the column marked "overhead" - it would be impossible to manage the several programs of the association.

As such it represents, approximately, the so called "bottom line" below which the Board of Directors must decide whether or not to radically restructure the association, and to decide, more specifically, whether to begin terminating successful programs.

For those who provide funds to the association, contributions to FTVAD overhead should be recognized for what they are: an affirmation of confidence in our work, our ability to competently deliver needed services to the general public and our value to the people and communities of Interior Alaska.

BUDGET DEVELOPMENT

The budget is developed on the basis of operating costs, program management, and individual project budgets. The program categories have been approved by the Board of Directors and are described in the Development section of our current OEDP titled "Overall Economic Development Program for Fairbanks and the Interior of Alaska."

The function of the operating budget has been generally described in the introduction. The budgets for the program categories reflect the full cost of our work in those programs. Each line item reflects the sum of the FTVAD overhead contribution, the sum of all contracted project revenues from local governments in the Interior, all state agencies, all federal agencies, and all non-governmental sources.

Individual project contracts, though not directly reflected in this budget, are or will be in the project files in the association's offices.

Overhead costs are determined on the basis of the equivalent staff time allocations described in the technical notes on page ___.

Since this is a planning budget we have made several assumptions concerning sources of operation program and project revenues. We fully expect that at the beginning of the new fiscal year on October 1, 1978, we will have a revised planning budget which will reflect actual contracted revenues and negotiated budgets as of that date. The format, however, will remain the same.

Monthly cash flow reports will generally follow the same budget format in terms of operations and program categories. However, within those categories month to date, year to date and % encumbered will be shown by contract source, title, and number.

OPERATING BUDGET

	<u>OPERATING BUDGET</u>	<u>MAXIMUM PROJECT ASSIGNMENT</u>	<u>FTVAD OVERHEAD CONTRIBUTION</u>	<u>OPERATING OVERHEAD</u>
I. PERSONNEL				
Executive Director	\$35,000	20%	\$21,000	\$14,000
Deputy Director	33,000	10%	3,300	29,700
Project Coordinator	28,000	60%	22,400	5,600
Resource & Publications Coordinator	22,000	80%	17,600	4,400
Bookkeeper	22,000	80%	17,600	4,400
Executive Secretary	18,000	- 0 -	- 0 -	18,000
Administrative Secretary	15,000	100%	15,000	- 0 -
Clerk	<u>12,000</u>	<u>90%</u>	<u>10,800</u>	<u>1,200</u>
	<u>\$185,000</u>	Ave. 60%	<u>\$107,700</u>	<u>\$77,300</u>
II. CONTRACTURAL AUDIT				
	<u>\$ 2,000</u>	80%	<u>\$ 1,600</u>	<u>\$ 400</u>
III. TRAVEL & PER DIEM				
Travel	\$ 6,000	50%	\$ 3,000	\$ 3,000
Per Diem	<u>4,000</u>	<u>50%</u>	<u>2,000</u>	<u>2,000</u>
	<u>\$10,000</u>	Ave. 50%	<u>\$ 5,000</u>	<u>\$ 5,000</u>
IV. SPACE & EQUIPMENT				
Office Space (3000 sq. ft. @ \$1.20)	\$36,000	60%	\$21,600	\$14,400
Equipment	<u>26,000</u>	<u>60%</u>	<u>15,600</u>	<u>10,400</u>
	<u>\$62,000</u>	Ave. 60%	<u>\$37,200</u>	<u>\$24,800</u>
V. OTHER DIRECT COSTS				
Consumable Supplies	\$ 4,000		\$ 2,400	\$ 1,600
Telephone & Telegraph	8,000		4,800	3,200
Graphics	8,000		4,800	3,200
Postage	1,600		960	640
Miscellaneous @ 1% of to- tal operating budget	<u>3,000</u>	60%	<u>1,800</u>	<u>1,200</u>
	<u>\$24,600</u>		<u>\$14,760</u>	<u>\$ 9,840</u>
VI. PERSONNEL BURDEN				
@ 10% of total salaries	<u>\$18,500</u>	42%	<u>\$10,770</u>	<u>\$ 7,730</u>
VII. GRAND TOTAL				
	<u>\$302,100</u>		<u>\$177,030</u>	<u>\$125,070</u>

COLUMN WRITE		1	2	3	4	5	6
		OPERATING BUDGET	OPERATING OVERHEAD	LOCAL	STATE	FEDERAL	PRIVATE
1	I. PERSONNEL						
2	10 Executive Director	35000 ⁰⁰	14000 ⁰⁰	15750 ⁰⁰		19250 ⁰⁰	
3	20 Deputy Director	53000 ⁰⁰	29700 ⁰⁰	11025 ⁰⁰	3300 ⁰⁰	18675 ⁰⁰	
4	20 Project Coordinator	28000 ⁰⁰	5600 ⁰⁰		4000 ⁰⁰	24000 ⁰⁰	
5	20 Research & Publications Coord	22000 ⁰⁰	4400 ⁰⁰	2200 ⁰⁰	17429 ⁰⁰	2371 ⁰⁰	
6	15 Bookkeeper	22000 ⁰⁰	4400 ⁰⁰	6000 ⁰⁰	10000 ⁰⁰	6000 ⁰⁰	
7	18 Executive Secretary	18000 ⁰⁰	18000 ⁰⁰	9250 ⁰⁰		8750 ⁰⁰	
8	0 Administrative Secretary	15000 ⁰⁰			15000 ⁰⁰		
9	2 Clerk	12000 ⁰⁰	1200 ⁰⁰		10800 ⁰⁰	1200 ⁰⁰	
10							
11	Project Director						
12	Project Secretary						
13	Field Crew						
14	CATEGORY TOTAL	185000 ⁰⁰	77300 ⁰⁰	44225 ⁰⁰	60529 ⁰⁰	80246 ⁰⁰	
15							
16	2. CONTRACTUAL						
17	Audit	2000 ⁰⁰	400 ⁰⁰	1000 ⁰⁰		1000 ⁰⁰	
18	Bookkeeping						
19	Professional Services						
20	Para-Professional						
21	CATEGORY TOTAL	2000 ⁰⁰	400 ⁰⁰	1000 ⁰⁰		1000 ⁰⁰	
22							
23	3. TRAVEL & PER DIEM						
24	Transportation	6000 ⁰⁰	3000 ⁰⁰	1200 ⁰⁰	1740 ⁰⁰	3060 ⁰⁰	
25	Per diem	4000 ⁰⁰	2000 ⁰⁰	652 ⁵⁰	1640 ⁰⁰	1707 ⁵⁰	
26	CATEGORY TOTAL	10000 ⁰⁰	5000 ⁰⁰	1852 ⁵⁰	3380 ⁰⁰	4767 ⁵⁰	
27							
28	4. SPACE & EQUIPMENT						
29	40 Space	36000 ⁰⁰	14400 ⁰⁰	18000 ⁰⁰	18000 ⁰⁰		
30	40 Furnishings	26000 ⁰⁰	10400 ⁰⁰	12000 ⁰⁰	14000 ⁰⁰		
31	CATEGORY TOTAL	62000 ⁰⁰		30000 ⁰⁰	32000 ⁰⁰		
32							
33	5. OTHER DIRECT COSTS						
34	40 Consumable Supplies	4000 ⁰⁰	1600 ⁰⁰	500 ⁰⁰	2400 ⁰⁰	1100 ⁰⁰	
35	Telephone & Telegraph	8000 ⁰⁰	3200 ⁰⁰	1500 ⁰⁰	4678 ⁵⁰	1821 ⁵⁰	
36	Graphics	5000 ⁰⁰	3200 ⁰⁰	2000 ⁰⁰	4800 ⁰⁰	1200 ⁰⁰	
37	Postage	1600 ⁰⁰	640 ⁰⁰	500 ⁰⁰	960 ⁰⁰	140 ⁰⁰	
38	Miscellaneous	3000 ⁰⁰	1200 ⁰⁰	2500 ⁰⁰	500 ⁰⁰		
39							
40	Materials						
41	Tools						
42	CATEGORY TOTAL	24600 ⁰⁰	9840 ⁰⁰	7000 ⁰⁰	13338 ⁵⁰	4261 ⁵⁰	
43							
44	6. PERSONNEL BURDEN	18500 ⁰⁰	7730 ⁰⁰	4422 ⁵⁰		8025 ⁰⁰	
45	Insurance						
46	Workmens Comp						
47	CATEGORY TOTAL	18500 ⁰⁰		4422 ⁵⁰	6052 ⁵⁰	8025 ⁰⁰	
48							
49	GRAND TOTAL	302100 ⁰⁰		88500 ⁰⁰	115300 ⁰⁰	98300 ⁰⁰	
50							

CATEGORY 1: TRANSPORT DEVELOPMENT

Fairbanks has always considered itself the supply and service center for Interior and Northern Alaska. The development of improved transportation systems in these areas will always be a priority activity with the Directors of the Fairbanks Town and Village Association.

Interior and Northern Alaska rely almost entirely on aircraft for year round transport of goods, services and people. Air is supplemented by river and sea going barge operations during the few summer months. Within this category of activity therefore, our goal is to improve these two dominant modes.

Summary of Project Titles

1. Transport Development
2. ATPC
3. FAI Development
4. Air Cargo Facility
5. Terminal Sewer Line
6. Jet Fuel Supply
7. International Carrier Refueling
8. C.A.B., A.T.C.
9. Rural Air Services
10. Airfield, Navaid Construction
11. Local Service Roads
12. Road Construction Priorities
13. Shageluk Airport Road
14. Grayling Road
15. Anvik and Holy Cross Roads
16. Waterways and Harbors
17. Ft. Yukon Dock
18. A.R.R. Canadian Connection

(37/40)

		7	8	9	10	11	12
TRANSPORT DEVELOPMENT BUDGET	ETVAD OVERHEAD CONTRIBUTION	CONTRACTED REVENUE SOURCES					
		LOCAL	STATE	FEDERAL	PRIVATE		
	14000 ⁰⁰						
	4262 ⁰⁰						
	4262 ⁰⁰						
	3633 ⁰⁰						
	2615 ⁰⁰						
	28772 ⁰⁰						
	388 ⁰⁰						
	388 ⁰⁰						
	727 ⁰⁰						
	484 ⁰⁰						
	1211 ⁰⁰						
	5231 ⁰⁰						
	3778 ⁰⁰						
	9009 ⁰⁰						
	581 ⁰⁰						
	1163 ⁰⁰						
	1163 ⁰⁰						
	232 ⁰⁰						
	436 ⁰⁰						
	3575 ⁰⁰						
	2877 ⁰⁰						
	45832 ⁰⁰						

CATEGORY 2: COMMUNITY FACILITIES DEVELOPMENT

Implementing a successful capital improvements program that will facilitate infrastructural needs of a community in a timely and cost efficient manner requires an analysis of local economic problems, a development scenario, a facilities inventory, community involvement and a closer multi-agency communication.

These factors constituted action by the FTVAD Board in March, 1977 to coordinate the Capital Improvements Program listed in our work program under Alphanumeric Code 2.Pr.A. and includes the composition of a community profile for each population center in the FTVAD district. Community profiles for thirty-two of the forty-five communities in our region are complete.

Capital improvement projects included in this category are infrastructural requirements as determined by the municipality involved with concurrence of the FTVAD Board of Directors.

Summary of Project Titles

1. Capital Improvements Programming
2. Capital Improvements Inventory
3. Southside Water Project
4. North Pole Street Lights and Sidewalks
5. Nenana Government Center
6. Stevens Well House
7. Nenana Sewer/Water
8. McGrath Community Center
9. Warm Storage Building
10. Utility Building Design
11. Grayling Warm Storage
12. Fire Protection Program
13. Borough Fire Protection
14. Anderson Fire Station
15. Bulk Fuel Storage
16. Bulk Fuel Installation
17. New Communities Development
18. Yukon Port
19. Communication Systems

29/40

13		14		15		16		17		18	
COMMUNITY FACILITIES BUDGET		ETVAD OVERHEAD CONTRIBUTION		CONTRACTED REVENUE SOURCES							
				LOCAL		STATE		FEDERAL		PRIVATE	
11200 ⁰⁰		11200 ⁰⁰									
2579 ⁰⁰		2579 ⁰⁰									
2579 ⁰⁰		2579 ⁰⁰									
2083 ⁰⁰		2083 ⁰⁰									
1582 ⁰⁰		1582 ⁰⁰									
24000 ⁰⁰						24000 ⁰⁰					
11200 ⁰⁰						11200 ⁰⁰					
55223 ⁰⁰		20023 ⁰⁰				35200 ⁰⁰					
235 ⁰⁰		235 ⁰⁰									
3150 ⁰⁰						3000 ⁰⁰		150 ⁰⁰			
20250 ⁰⁰						12750 ⁰⁰		7500 ⁰⁰			
28800 ⁰⁰						28800 ⁰⁰					
52435 ⁰⁰		235 ⁰⁰				44550 ⁰⁰		7650 ⁰⁰			
28083 ⁰⁰		439 ⁰⁰				26696 ⁰⁰		948 ⁰⁰			
17558 ⁰⁰		292 ⁰⁰				16634 ⁰⁰		632 ⁰⁰			
45641 ⁰⁰		731 ⁰⁰				43330 ⁰⁰		1580 ⁰⁰			
7363 ⁰⁰		3163 ⁰⁰				4200 ⁰⁰					
6922 ⁰⁰		2284 ⁰⁰				4400 ⁰⁰		238 ⁰⁰			
14285 ⁰⁰		5447 ⁰⁰				8600 ⁰⁰		238 ⁰⁰			
3300 ⁰⁰		350 ⁰⁰				2700 ⁰⁰		250 ⁰⁰			
2802 ⁰⁰		702 ⁰⁰				2030 ⁰⁰		100 ⁰⁰			
10477 ⁰⁰		702 ⁰⁰				9500 ⁰⁰		275 ⁰⁰			
771 ⁰⁰		141 ⁰⁰				600 ⁰⁰		30 ⁰⁰			
263 ⁰⁰		263 ⁰⁰									
17613 ⁰⁰		2158 ⁰⁰				14800 ⁰⁰		655 ⁰⁰			
5523 ⁰⁰		2003 ⁰⁰				3520 ⁰⁰					
190720 ⁰⁰		30597 ⁰⁰				150000 ⁰⁰		10123 ⁰⁰			

CATEGORY 3: ENERGY CONSERVATION AND
HOUSING REHABILITATION

Because of the temperature extremes in Interior Alaska and the high cost of fuels, the Fairbanks area seems a natural target for energy conservation programs.

In the summer of 1976, the Rural Community Action Program staff requested assistance from the Town and Village Association in providing home weatherization to low income families within the Fairbanks North Star Borough. The borough administration also asked the association to provide this program to borough residents.

The project was approved by the association's regional Board at its December, 1976 meeting.

Another facet of the Energy Conservation Program is waste heat (excess energy) utilization. The two feasibility studies approved by the association Board can supply data to cap this energy now being discharged in the atmosphere and water bodies from pipeline pump stations, power plants, refineries and other future manufacturing plants to be used as energy to operate fish hatcheries, commercial greenhouses, forage dryers, pulp mills, vegetable dehydration plants, tanneries, etc.

Summary of Project Titles

1. Energy Conservation
2. Winterization Program
3. Waste Heat Utilization
4. Pump 9 Waste Heat
5. Pump 6 Waste Heat

10⁷⁰
(29/8)

19	20	21	22	23	24
ENERGY CONSERVATION & HOUSING REHABILITATION BUDGET	ETVAD OVERHEAD CONTRIBUTION	CONTRACTED REVENUE SOURCES			
		LOCAL	STATE	FEDERAL	PRIVATE
22,100 ⁰⁰	22,400 ⁰⁰				
515 ⁰⁰	515 ⁰⁰				
515 ⁰⁰	515 ⁰⁰				
7719 ⁰⁰	439 ⁰⁰			7280 ⁰⁰	
316 ⁰⁰	316 ⁰⁰				
28080 ⁰⁰				28080 ⁰⁰	
127427 ⁰⁰				127427 ⁰⁰	
166812 ⁰⁰	4025 ⁰⁰			162787 ⁰⁰	
47 ⁰⁰	47 ⁰⁰				
6000 ⁰⁰				6000 ⁰⁰	
6047 ⁰⁰	47 ⁰⁰			6000 ⁰⁰	
3430 ⁰⁰	88 ⁰⁰			3342 ⁰⁰	
1184 ⁰⁰	59 ⁰⁰			1125 ⁰⁰	
4614 ⁰⁰	147 ⁰⁰			4467 ⁰⁰	
6121 ⁰⁰	633 ⁰⁰			5488 ⁰⁰	
5057 ⁰⁰	457 ⁰⁰			4600 ⁰⁰	
11178 ⁰⁰	1090 ⁰⁰			10088 ⁰⁰	
870 ⁰⁰	70 ⁰⁰			800 ⁰⁰	
1966 ⁰⁰	141 ⁰⁰			1825 ⁰⁰	
891 ⁰⁰	141 ⁰⁰			750 ⁰⁰	
303 ⁰⁰	28 ⁰⁰			275 ⁰⁰	
820 ⁰⁰	53 ⁰⁰			767 ⁰⁰	
150500 ⁰⁰				150500 ⁰⁰	
500 ⁰⁰				500 ⁰⁰	
155850 ⁰⁰	433 ⁰⁰			155417 ⁰⁰	
				11484 ⁰⁰	
				12738 ⁰⁰	
24625 ⁰⁰	403 ⁰⁰			24222 ⁰⁰	
369126 ⁰⁰	6145 ⁰⁰			362981 ⁰⁰	

(18)

CATEGORY 4: PETROLEUM RESOURCE POLICY

Because of the massive impact of rapid petroleum resource development on the short and long term stability of the community, the question of the appropriate response by the general public and by government has occupied much of the time and attention of the association since its formation in 1972.

The primary vehicles developed to deal with this question involved continuous information processing oriented toward the information demands of business, government and individuals throughout the Interior.

The information base thus developed will be enormously valuable in anticipating the short term problems and opportunities which will accompany the construction of a natural gas pipeline.

However, a great deal of work remains to be done in this area if Interior Alaskans are to gain more than transitory benefits from future petroleum development in Alaska.

Summary of Project Titles

1. Pipeline Demobilization
2. Impact Analysis
3. OCS Support Facilities
4. Arctic Research Expansion
5. UAF Museum
6. Natural Gas Development

(37/20)

25	26	27	28	29	30
PETROLEUM RESOURCE POLICY BUDGET	FTVAD OVERHEAD CONTRIBUTION	CONTRACTED REVENUE SOURCES			
		LOCAL	STATE	FEDERAL	PRIVATE
	7000 00				
	2138 00				
	2138 00				
	1822 00				
	1312 00				
	19410 00				
	194 00				
	194 00				
	364 00				
	243 00				
	607 00				
	2624 00				
	1895 00				
	4519 00				
	292 00				
	583 00				
	583 00				
	117 00				
	219 00				
	1794 00				
	1441 00				
	22965 00				

CATEGORY 5: WORK FORCE DEVELOPMENT

In the spring of 1975, the Fairbanks Town and Village Association was asked to help plan, seek funding for, and coordinate the Community Forum on Growth. Two additional staff members were hired under a grant from the Alaska Humanities Forum and the well-attended forum was held in May. The final analysis showed that Interior residents wanted more information about what effect the "pipeline boom" was having on the community. They wanted to be able to take advantage of opportunities and to minimize the adverse effects of this largest-ever construction project. They asked that more attention be given to the human element when development was being planned. The Work Force Development category was incorporated into the work program and was adopted by the Board at its March, 1977 meeting.

Such projects as the Fairbanks Rehabilitation Center and the Senior Citizen Center have since been adopted under this category.

Summary of Project Titles

1. Vocational Training
2. Vocational Rehabilitation Center
3. Senior Citizen Program
4. Senior Citizen Center

26,710
(29/20)

19	20	21	22	23	24
WORKFORCE DEVELOPMENT BUDGET	FTVAD OVERHEAD CONTRIBUTION	LOCAL	CONTRACTED STATE	REVENUE FEDERAL	SOURCES PRIVATE
5600 ⁰⁰	5600 ⁰⁰				
1289 ⁰⁰	1289 ⁰⁰				
1289 ⁰⁰					
1099 ⁰⁰	1099 ⁰⁰				
791 ⁰⁰	791 ⁰⁰				
10068 ⁰⁰	10068 ⁰⁰				
117 ⁰⁰	117 ⁰⁰				
117 ⁰⁰	117 ⁰⁰				
220 ⁰⁰	220 ⁰⁰				
147 ⁰⁰	147 ⁰⁰				
367 ⁰⁰	367 ⁰⁰				
1582 ⁰⁰	1582 ⁰⁰				
1143 ⁰⁰	1143 ⁰⁰				
2725 ⁰⁰	2725 ⁰⁰				
178 ⁰⁰	178 ⁰⁰				
351 ⁰⁰	351 ⁰⁰				
351 ⁰⁰	351 ⁰⁰				
71 ⁰⁰	71 ⁰⁰				
132 ⁰⁰	132 ⁰⁰				
1083 ⁰⁰	1083 ⁰⁰				
1007 ⁰⁰	1007 ⁰⁰				
15367 ⁰⁰	15367 ⁰⁰				

CATEGORY 6: RENEWABLE RESOURCE DEVELOPMENT

Each year as the world population increases and as the export of food becomes a major bargaining force in foreign policy and balancing the national economy, more agricultural land is required to meet the demands.

Alaska is virtually the only state of the union that has idle agricultural land for production. There are approximately 15 million acres of arable land suitable for agricultural production in Interior Alaska.

Agriculture can supply the economic base needed in most bush villages while it simultaneously supplies the village residents with a stable diet. Many village corporations such as Minto and Manley Hot Springs selected lands under ANCSA entitlements specifically for their suitability to agricultural production.

The initial OEDP published in the spring of 1974 addressed agriculture as an important aspect of economic development but little has been done to set strategies for development until the December, 1976 FTVAD annual Board meeting and the March, 1977 semi-annual Board meeting.

Recent emphasis on natural resources in Alaska has been addressed to petroleum, a non-renewable resource.

The Natural Resource Development program initiated in the original OEDP has been divided into two programs to develop a timely and productive strategy for agriculture, forestry, aquaculture and the fur industry.

1. Petroleum Resource Policy will focus on the development of non-renewable natural resources.
2. Renewable Resource Development will include strategy programs, capital improvements projects and technical studies critical to the development of renewable natural resources.

Summary of Project Titles

1. Village Agriculture
2. Village Community Gardens
3. Wood Products Development
4. Regional Agricultural Development
5. Big Delta Agriculture
6. Nenana Agriculture
7. Fish Hatchery
8. Fur Industry
9. North Pole Industrial Park
10. Delta Grain Elevator and Dryer Facility

15410

(29/12)

25		26		27		28		29		30		
RENEWABLE RESOURCE	DEVELOPMENT BUDGET	FT/AD OVERHEAD CONTRIBUTION	LOCAL	CONTRACTED STATE	FEDERAL	PRIVATE						
	3360.00	3360.00										
	5273.00	773.00		4500.00								
	773.00	773.00										
	659.00	659.00										
	4955.00	475.00		4480.00								
	24000.00			24000.00								
	6720.00			6720.00								
	45740.00	6040.00		39700.00								
	70.00	70.00										
	450.00			450.00								
	40000.00			40000.00								
	40520.00	70.00		40450.00								
	6355.00	132.00		6223.00								
	3849.00	88.00		3761.00								
	10204.00	220.00		9984.00								
	4124.00	949.00		3175.00								
	3975.00	686.00		3289.00								
	8099.00	1635.00		6464.00								
	2455.00	105.00		2350.00								
	3511.00	211.00		3300.00								
	5211.00	211.00		5000.00								
	792.00	42.00		750.00								
	1079.00	79.00		1000.00								
	13048.00	648.00		12400.00								
	4574.00	604.00		3970.00								
	122185.00	9217.00		112968.00								

(19)

INDIRECT COSTS ASSIGNMENTS

Most agencies of government and many non-profit corporations who receive contracts to perform services from local, state and federal governments usually charge a fixed "overhead" or "indirect cost" fee on all contracts. This overhead represents the cost of maintaining the experienced staff, space, equipment, and associated resources which are necessary in order to be able to provide these services.

Government agencies which are created by law and supported by annual financial appropriations have much less of a problem with overhead than does a non-profit corporation such as the Fairbanks Town and Village Association which was created by private citizens and must rely on contracted revenues and public financial support to overhead costs whether or not they are performing contracted services against which "overhead" or "indirect costs" fees can be assigned.

Because of the multiple contracted revenues to the Association which are currently in force, and because of the complexity of managing the contracts, we have begun, with this planning and management budget, to devise a method of assigning a variable indirect cost to our contracted revenues.

We believe this approach is preferable to the "fixed overhead" fee which has too often been abused because of the ease with which such overhead can be shifted into other administrative areas which have nothing to do with the contract against which it was assigned.

Furthermore, there is, among federal and state grant-in-aid programs, little consistency in the proportion of such grants that can be assigned toward the cost of administering the programs. Highly desirable programs may be impossible to administer within allowable administrative cost restrictions. When this kind of situation occurs there should be, we feel, some method of calculating the total overhead costs involved in administering a desirable program.

Only in this way can we realistically balance the benefits to the general public of a particular program against the limited available administrative resources which will be consumed in the management of it.

COMPUTING EQUIVALENT STAFF TIME COSTS

Equivalent staff time costs are based on a derivation of total annual operating costs using certain percentages related to professional time costs, and clerical, administrative and operating costs. Determining equivalent staff time costs helps in understanding the full costs of staff work, and in allocating administrative resources to projects and to the legal requirements and general obligation of the Fairbanks Town and Village Association.

It should be noted that the "Annual Operating Costs" from which these computations are derived does not reflect the total annual revenue and expenditures of the association. The annual operating costs are the costs of maintaining permanent staff, offices and operations. Additional revenues are generated each year from project related grants which are usually limited in scope and duration and not necessarily renewed each year.

Project related grants which have been received or are firmly committed as of the publication date are listed as "Supplemental Financing" in the individual project descriptions.

A. The derivation of "Equivalent Staff Time Costs" for FY '79 is as follows:

a.	Total Operating Budget	\$302,100.00
b.	Monthly Operating Budget	23,175.00
c.	Weekly Operating Budget	6,042.00

B. The annual operating costs are divided into two categories:

1. Professional Time Costs:

These are evaluated based on the total costs of salaries and benefits for the association's three professional staff officers as a percentage of the total operating budget.

For FY '79 professional time costs are projected at roughly 35% of total operating costs and are broken down as follows:

a.	Annually	\$105,735.00
b.	Monthly	8,811.00
c.	Weekly	2,115.00

2. Support Costs:

After deducting the costs of professional staff salaries and benefits from the operating budget, the amounts remaining are called the "Support Costs."

For FY '79 support costs are projected at roughly 65% of total operating costs and are broken down as follows:

a.	Annually	\$196,365.00
b.	Monthly	16,364.00
c.	Weekly	3,927.00

C. The final element in deriving equivalent staff time costs is the allocation of a percentage of the total available support costs to each professional officer based on their share of professional time costs.

For FY '79 these percentages are projected as follows:

Executive Director	Deputy Director	Project Coordinator
36%	34%	29%

D. The following table, therefore, yields projected equivalent staff time costs for FY '79:

	Executive Director	Deputy Director	Project Coordinator
Professional Time Costs	\$38,500.00	\$36,300.00	\$30,800.00
Support Costs	<u>70,691.00</u>	<u>66,764.00</u>	<u>56,946.00</u>
a. Annually	\$109,191.00	\$97,564.00	\$93,246.00
bc. 4 man/weeks	8,736.00	7,804.00	7,460.00
c. 3 man/weeks	6,552.00	5,853.00	5,595.00
d. 2 man/weeks	4,368.00	3,902.00	3,730.00
e. 1 man/week	2,184.00	1,952.00	1,865.00
f. 1 man/day	437.00	390.00	373.00

When accompanied by the staff time allocations assigned following our annual OEDP approval by the Board of Directors, the equivalent staff time costs are the tools used by the staff to determine the full costs of allocating the two primary resources of the association, professional skills and administrative support, to our planning and development work in the Interior of Alaska.

STAFF TIME ALLOCATIONS

Staff time allocations are professional judgements by the association's three professional staff officers on how they each expect to spend their time during the coming fiscal year. Staff time allocations are determined following approval by the Board of Directors of the coming year's Overall Economic Development Program and the projects, program, and management responsibilities which constitute the work program.

Once assigned at the beginning of the fiscal year the staff time allocations and the equivalent staff time cost factors provide the staff, the Board, and the general public with a constant cost/benefit and progress analysis for each of the association's activities.

This analysis is reported by means of progress status reports which are prepared by each of the professional staff officers once every six months.

Since it would be premature to develop staff time allocations this far in advance of the beginning of FY '79, we have, for the purposes of this planning budget, confined ourselves only to the annual allocations and the program category allocations.

Those are as follows:

<u>Annual Time Allocations</u>	<u>Annual Average</u>	<u>40 hrs/week</u>	<u>50 weeks/yr</u>
<u>Executive Director</u>			
Staff supervision	10%	4	5
Operational requirements	20%	8	10
Community interaction and conferences	10%	4	5
Direct project activity	<u>60%</u>	<u>24</u>	<u>30</u>
	100%	40	50
Direct project activity			
Transport development	40%	16	20
Petroleum resource policy	<u>20%</u>	<u>8</u>	<u>10</u>
	<u>80%</u>	24	30
<u>Deputy Director</u>			
Staff supervision	10%	4	5
Operational requirements and conferences	80%	32	40
Direct project activity	<u>10%</u>	<u>4</u>	<u>5</u>
	100%	40	50
Direct project activity			
	- 0 -	- 0 -	- 0 -
<u>Project Coordinator</u>			
Staff supervision	10%	4	5
Operational requirements	10%	4	5
Direct project activity	<u>80%</u>	<u>32</u>	<u>40</u>
	100%	40	50
Direct project activity			
Community facilities	40%	20	25
Energy conservation and housing rehabilitation	10%	4	5
Work force development	20%	10	12.5
Renewable resources	<u>10%</u>	<u>6</u>	<u>7.5</u>
	80%	40	0

HB

855

ANNETTE SMITH H C/RA

JACK CHANDOWETH LEG. SERV. - FOR TESTIMONY

LEWIS SHARP C+B JOURNAL CON



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SENATE COMMUNITY AND REGIONAL AFFAIRS
COMMITTEE MINUTES

June 10, 1978

Present: Senators Orsini, Willis and Hackney

Absent: Senators Sumner and Ferguson

The Senate Community and Regional Affairs Committee met upon adjournment of the Senate Session this day and passed out HB 855 am with "INDIVIDUAL RECOMMENDATIONS" with an amendment, and also HB 657 with a "NO RECOMMENDATION".

Judy Slager
bor. mgr. Ketchi
HB 855 am

SB 674

articles 225-6151

public corporation

For Authority
2nd class borough
& therefore having
problem

4-26-78

⁸⁵⁵
NOTE FOR HB 588 am FILE

⁸⁵⁵
Per Arnette Smith, H C/RA, HB 588 am was made retroactive to July 6, 1976 for the following reason:

The original language of the statutes was passed at that time, but it was tacked on to a Senate bill. The attorney general ruled, after the legislature passed the bill, that the legislation violated the two subject proviso. Therefore this legislation has been under a legal cloud.

⁸⁵⁵
HB 588 am was first included in HB 483, municipal code revision, but Lisa Rudd felt the subject was important enough to be addressed separately.

The retroactivity, then, was provided to insure that any action taken after 1976 would not be legally jeopardized.

Jack Chenoweth prepared the draft and researched the subject.

Ben Harding

Deal to Lee Shump HR 855 am
re impact

Letter to Ag 7 re legality x

Shump - "a little disturbed"
by implications to home
rule municipalities.

HR deal has authority
to do so anyway

limit to 48,030 list?

what if not on list?

like to take
out "house

STATE OF ALASKA
Inter-Department Route Slip

TO:
MAIL STATION NUMBER _____

DEPARTMENT Senate CRA

ATTENTION BEN HARDING

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

Remarks:

FROM:
MAIL STATION NUMBER _____

DEPARTMENT _____

BY ANNETTE DATE _____

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM


March 17, 1978

F1 HB 855

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

SUBJECT: HB 855: relating to public corporations
and other instrumentalities of municipal
government. (Work Order No. 5187)

TO: Representative Lisa Rudd, Chairperson
House Community and Regional Affairs Committee

FROM: John B. Chenoweth
Legislative Counsel 

You have posed four questions with reference to HB 855 which bear upon the use by local governments of public agencies as a means by which to issue obligations on a tax-exempt basis. HB 855 would re-enact provisions of AS 29.59, specifically authorizing public corporations or like instrumentalities established by municipal governments to issue obligations in order to fund the costs of construction of public facilities. The reasons favoring re-enactment of AS 29.59 are alluded to in my memorandum to Representative Nels Anderson of February 16, attached to this memorandum.

The statutory provision which eventually was enacted into law as AS 29.59 was first drafted during the 1976 session in response to proposed additions to and amendments of regulations by the US Treasury. The changes proposed, incorporated into regulations relating to definition and administration of the Internal Revenue Code, would have defined limits which public agencies established by local governments would have been required to satisfy in order to gain or retain the benefit of tax-exempt interest on the agent's obligations to the extent enjoyed by the obligations of the municipality which were directly issued. The purpose of the proposed rule change was, at least in the view of the Treasury, that public agencies which were issuing the obligations be in actual fact substantially controlled and directed by the local government unit or units in whose behalf they were issuing obligations. In the language of the Treasury-prepared synopsis of the regulations

In general, the proposed amendments [to IRS regulations] provide that only a constituted authority of a state or local government unit may issue obligations on behalf of the unit. The authority must be specifically authorized pursuant to state law to issue obligations on behalf of the unit to accomplish a public purpose of the unit. The authorization must specify the public purpose of the governmental unit on behalf of which the authority is authorized to issue obligations and also must create the authority or provide that the governmental unit may create the authority. The authority must be created and operated solely to accomplish a public purpose of the governmental unit.

The proposed amendment requires a closer connection between the authority and the governmental unit including control of the authority's board and organizational or supervisory control over the authority of the governmental unit.

AS 29.59 was drafted to respond to the threshold requirements of the then-proposed federal regulation changes, namely, the requirement that the public agencies be specifically authorized in applicable state law, that they be authorized to undertake or fulfill a public purpose, that the public purpose for which authorized be specified, and that the grant of authority represent a grant for only the accomplishment of that public purpose.

The stringent requirements of the regulations proposed by the Treasury were not adopted. Rather, former provisions of the Code of Federal Regulations relating to tax-exempt interest paying obligations were substantially continued.

The current law on the subject appears to be this --

The applicable statute is 26 USC 103(a):

(a) GENERAL RULE. Gross income does not include interest on --

(1) the obligations of a State, a Territory, or a possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia; . . .

Representative Lisa Rudd
Page 3
March 17, 1978

The statutory exemption embraces debt obligations of local governments, whether issued "directly" or "indirectly," that is, through the use of a public corporation as agent:

Obligations issued by or on behalf of any State or local governmental unit by constituted authorities empowered to issue such obligations are the obligations of such a unit. . . .

and

The term "political subdivision", for purposes of this section [26 CFR §1.103-1], denotes any division of any State or local governmental unit which is a municipal corporation or which has been delegated the right to exercise part of the sovereign power of the unit. . . .

26 CFR §1.103-1(b).

I

Your first question -- whether the same concerns which prompted introduction and enactment of the legislation in 1976 are still of concern -- is probably better answered in the negative. The stringent requirements which the Treasury was suggesting in the amendments and changes mentioned earlier in this monograph have not been adopted and are not now under active consideration. Assuming that the principal factor motivating HB 674's introduction in the 1976 session was to obviate anticipated challenges to the authority of agencies or corporations established by local governments in Alaska to issue tax-exempt obligations for the benefit of the local government -- and I think it is a fairly good assumption -- the apparent urgency of the situation then does not control or affect events now.

II

The answer to the first part of your second question, insofar as it applies to tax-exempt obligations in general (exclusive of the problems of the use of industrial development bonds), is likewise "no." The Treasury, in 1976, did not adopt the regulations as contemplated at that time; the existing body of regulation -- including, of course, revenue rulings and the body of case law -- has been continued forward with few substantive changes.

III

Your third question departs from further examination of applicable regulations of the IRS. It presents the question of whether there is a state constitutional "check" on the establishment of public corporations or agencies by Alaska municipalities to undertake public purposes. Your question cites the general statement of policy contained in Article X, sec. 1 of the state constitution, which recounts the philosophy underlying the existing local government article:

The purpose of this article is to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions. A liberal construction shall be given to the powers of local government units.

The reference to "units" in this section is unusual -- the term appears nowhere else in the article. The next following section, section 2, describes the requirement that "all local government powers . . . be vested in boroughs and cities," to the exclusion of any other kind or species of local authority having the very important power of taxation. By virtue of the interposition of the phrase "powers of local government units" in section 1 and the requirement imposed by section 2 that full local government powers devolve only upon boroughs and cities, and based upon the transcript and record of proceedings of the constitutional convention, I conclude that the use of the word "units" in the first section was intended to embrace only the two general types of local government authorized. It was not thought that the limitation would apply to the establishment of mechanisms by the local government units themselves after they were incorporated. Quite the contrary: the powers of local government units were intended to be liberally construed (Art. X, sec. 1), and the authority of a political subdivision to establish a public enterprise or public corporation in furtherance of legitimate public purposes is at least alluded to in Article IX, sec. 11, and appears there and in commentary in the record of the constitutional convention without restriction as to number or kind of agency. In short, I believe that the state constitutional provision enunciating a policy of a "minimum of local government units" may not be understood to be a limitation on the use of public enterprises or corporations -- public agencies, generally -- to supplement direct provision of public services by local governments. Other circumstances or conditions may compel that conclusion: the constitutional provision cited, in my opinion, does not.

IV

Your concluding query requires examination of tax-levying authority under AS 29.59 and existing limitations on the authority of local governments to levy property taxes. The tax limitations of AS 29.53.050 appear to be inapplicable to taxes of a public corporation or similar public agency established by a municipality under authority granted by AS 29.59. There is no direct relationship between the two statutory provisions mentioned such that the limitations section of AS 29.53.050 need be extended and made applicable to public agencies. The grant of authority set out in AS 29.59 does not extend to the public corporation or similar instrumentality the right to levy taxes. That right is limited, by the state constitution, to the levy and collection by cities and boroughs only. Thus, the right of the public corporation to issue obligations on behalf of the municipality for public purposes, if understood as having the effect of using the public corporation as a "front" for the municipality, cannot circumvent the limitation on delegation of taxing authority only to cities and boroughs, requiring the municipality to raise necessary revenues to pay off obligations of the corporation within the general limitation of AS 29.53. Similarly, if the right granted be seen as one by which a public corporation is authorized to issue its obligations for public purposes in furtherance of the responsibilities of municipalities, the grant of authority does not carry with it the right to levy and collect taxes for the purpose, and concern about conflict with AS 29.53 is unfounded. (The latter is analogous, at the local level, to the relationship between the State and ASHA, a public corporation: ASHA bonds are strictly revenue bonds; ASHA is not authorized to offer obligations on the strength of the full faith and credit of the people of Alaska, nor is the State legally obliged to bail ASHA out of any financial embarrassments.) In summary, in no instance can I conceive of a public corporation established under AS 29.59 having a valid argument on which to enforce a levy in excess of that provided for generally in statute.

V

I do not want to leave points 1 and 2 of this paper without mentioning two other matters:

While it is true, of course, that the failure of the IRS to adopt the regulations proposed in early 1976 constitutes a change of circumstance over the intervening two-year period,

Representative Lisa Rudd

Page 6

March 17, 1978

it is equally true that, apart from AS 29.59, there is no generally applicable provision by which a city or borough is granted authority to establish a corporation or instrumentality to use as an agent in the issuance of debt obligations on its behalf. I am not aware that any Alaska municipality has placed reliance on the provision in the two years it has appeared in the statutes. Repeal of the provision, or even non-alteration, probably poses no problem. However, though AS 29.59 was drafted and enacted under circumstances quite different than those presently known, to the extent that a clear statement of authority for the establishment of a corporation for the purposes indicated is desirable, the provision does serve that purpose. The committee will, of course, enunciate the policy: I did not want to leave the impression that, because circumstances have changed, the statute no longer serves a useful role.

Secondly, I want to caution that this memo is not intended to address or suggest disposition of the issues which surround the very complicated subject of tax treatment of the interest earned on industrial development bonds. (In requesting your questions in writing, I wanted to try to assure that the questions could be answered in a manner which did not require extended treatment of the handling of industrial development bonds, a relatively more common means of involving public purpose financing through the intermediary of a public corporation, but one which is, in terms of tax-exempt eligibility, far more complicated.) The tax-exempt status of industrial development bonds -- defined, generally, as bonds whose proceeds are used in an activity engaged in for profit by other than a governmental unit or other than an organization exempt from tax (i.e. corporations with nonprofit status under §501(c)(3)) and on which either the payment of the principal and interest is secured in whole or in part by property to the payments received from the property are pledged for the payment of principal and interest -- is subject to far more extended and extensive limitations than those of bonds which would be issued by public corporations or instrumentalities whose existence is authorized under AS 29.59.

I trust that this fully responds to your questions.

JBC:jpd

Attachment

MEMORANDUM

February 16, 1978

SUBJECT: Brief history of AS 29.59

TO: Representative Nels A. Anderson, Jr.

FROM: John B. Chenoweth
Legislative Counsel

My recollection of the circumstances relating to the adoption and taking effect of the bill embodying this provision is this:

In mid-session of 1976, Bob Dupere called to the attention of the Senate Community and Regional Affairs Committee the proposal by the IRS to tighten regulations defining the tax-exempt status of public corporations. Dupere has, of course, a working knowledge of municipal finance with respect to Alaska's local governments, and appreciated the potential problems that would have been presented under the particular changes then under consideration by the IRS. His suggestion to meet the problems was to make clear that municipalities had the authority to establish public corporations for carrying out specific municipal purposes, to protect the tax-exempt status (insofar as that was possible) of these creatures in the event local governments determined to make use of public corporations to meet public purposes or needs. At the time, as I recall, the possibility of establishment of a public corporation for hospital care was under active consideration, as, I think, was the proposal to use municipal authority to provide public services to major industrial users.

At any rate, the bill was drafted and presented. Committee members endorsed the attachment of the provision to a bill offered by the governor making technical amendments to the existing authority of the Alaska Municipal Bond Bank Authority. I do not recall whether the provision was added on to the governor's bill in anticipation of possible veto of the same provision standing alone, or whether it was added because, on that day, the governor's bill happened to present itself as a handy vehicle. That is where it was put -- but in redrafting the bill to carry the amendment, the draftsman neglected to conform the title.

Representative Nels A. Anderson, Jr.

Page 2

February 16, 1973

The governor signed the bill into law. However, in a most unusual move, his transmittal letter to the Legislature pointed out the problem posed by the failure to limit the bill to one subject and to conform the title to the substantive provisions of the amended bill:

"I have signed the following bill and am transmitting the enrolled and engrossed copies to the Lieutenant Governor's Office for permanent filing:

SENATE COMMITTEE SUBSTITUTE FOR
COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 674
amended Senate (Chapter 56, SLA 1976)

Even though I have signed this bill into law, I have been advised by the Attorney General that the inclusion of Sec. 4 in the bill violates Article II, Section 13 of the Alaska Constitution. This provision requires that bills are to be confined to one subject and that the subject be expressed in the title. Accordingly, the Attorney General has advised that Sec. 4 of the bill is void and of no effect.

I am bringing this matter of the Attorney General's advise (sic) to your attention so that those legislators who were relying on Sec. 4 to accomplish some objective may be notified as to its probable effect. Those legislators may then want to take appropriate action such as introducing new legislation to cover the subject set forth in Sec. 4 of the bill."

1976 House Journal, at p. 1280.

I have to question why the Attorney General determined that only section 4 of the legislation, that section adding what is now AS 29.59, was "void and of no effect" -- why, in fact, the entire bill was not tainted with the same objection -- and whether, for that reason, the opinion rendered to the governor is correct. Nevertheless, it is the closing paragraph of the governor's transmittal letter which the provision designated "*Sec. 13" in the original version of HB 483 is intended to address.

Assuming that the governor's statement, based on the attorney general's advice, is correct, then it seems that you have two courses open: Repeal AS 29.59 or re-enact it, with or without substantive amendment. At least as to any municipality which may have acted in reliance on the section, or which may in the future, I think it desirable, in response to the governor's invitation, that the legislature act, for inaction only maintains the "cloud" on AS 29.59 first pointed out in the above-cited transmittal letter.

JEC:jpd

HB

873

JOHN CARLSON (FBX NSB Master)

Jim Rouse AK ML

JUDY SLASER - KETCH. Gateway
Borough



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5-9-77

NOTE FOR HB 873 FILE

This bill was introduced at the original request of Fairbanks North Star Borough Mayor John Carlson through the Alaska Municipal League.

Carlson's specific problem is that his Attorney and Staff Director both earn more money than he does.

As far as assemblymen are concerned, there is the problem that no assemblyman can receive a raise that he voted for during his term of office. Therefore there is the anomaly of half of an assembly receiving a lower salary than their recently elected peers.

bfn

F. CSHB
873

FAIRBANKS NORTH STAR BOROUGH

Box 1267, Fairbanks, Alaska 99707

May 16, 1978

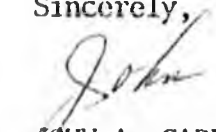
Senator Joe Orsini, Chairman
Community & Regional Affairs
Committee
Pouch V
Juneau, Alaska 99811

RE: CS For House Bill No. 873

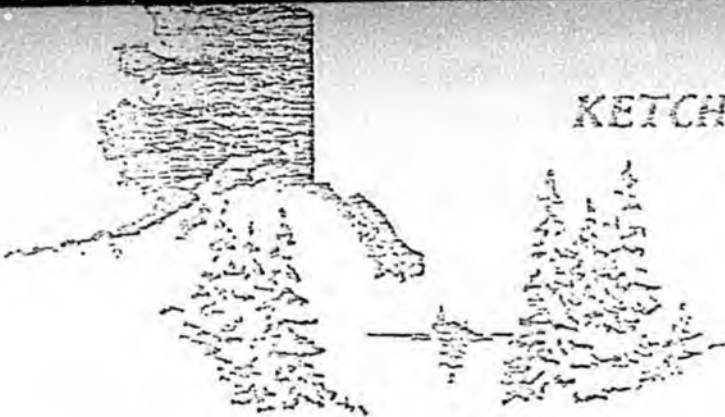
Dear Senator Orsini:

I would appreciate your review of CS For House Bill No. 873 "An Act relating to the salaries of elected municipal officials." This piece of legislation allows for compensation of mayors of municipalities and members of the assembly or council to have their compensation fixed annually by ordinance. Under the present legislation, the compensation of these individuals "may not be changed during a term in office." This causes a problem in that a mayor elected for a three-year term cannot receive a cost-of-living adjustment during his tenure in office. Also an assembly or city council member cannot have their compensation changed during their tenure in office. During budget time, there is a feeling to adjust compensation for assembly or council members but this is not done as it would affect only the newly elected officials at the next election. What would happen if a salary change were adopted is a large percentage of the assembly/council would be compensated less than the newly elected officials. The amendments, as proposed in CS HB No. 873, would allow the compensation to be changed making it uniform throughout the entire council or assembly.

Sincerely,


JOHN A. CARLSON
Borough Mayor

JAC:all



KETCHIKAN GATEWAY BOROUGH

344 FRONT STREET
KETCHIKAN, ALASKA 99901

F. 15 873.

March 27, 1978

Re: EB 373

The Honorable Lisa Rudd
Chairman
House Community & Regional
Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Chairman Rudd:

In our borough, a second-class borough, there are twelve (12) elected officials; mayor, elected-at-large; four (4) assemblymen, elected-at-large from the area outside the City of Ketchikan; a seven (7) assemblymen appointed from the City Council. As a second-class borough the provisions of AS 29.23.530 apply. All our twelve (12) elected officials have 3-year staggered terms. Under the existing provisions of AS 29.23.530 in order to effect an entire salary change for all elected official positions, three elections must take place before all members are receiving the same salary.

A Ketchikan Gateway Borough Assembly salary change (from \$100 to \$150) commenced with the October, 1975 election and will be completed when those elected in October, 1978 take office at which time all eleven will again be receiving the same compensation.

Having observed this transition from \$100 to 150 per month, it is apparent that among the elected officials, the procedure involved is a point of irritation as all have the same responsibilities.

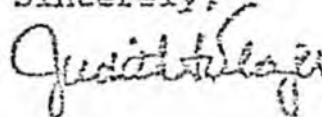
I believe there are sufficient checks in our local government structures to preclude the actions of elected officials from becoming actions directed toward overt personal

The Honorable Lisa Rudd
March 27, 1978
Page two

gain at the expense of the local taxpayers. Those local governments to which the existing requirements apply are those smaller municipalities where actions of the elected officials are constantly subject to very close public scrutiny. Elected officials salaries must be set by ordinance on which public hearings are held, these salaries are included in the annual budget on which public hearings are held, and the appropriations needed to pay these salaries are made by ordinance on which public hearing are held.

Therefore, I am of the opinion that the present provisions of AS 29.23.530 are unduly restrictive and I support HB 873 as proposed.

Sincerely,



Judith A. Slajer
Borough Manager

JAS:jw

cc: KGB Assesby and Mayor
Jim Rolle, Ex. Director, AML

FAIRBANKS NORTH STAR BOROUGH

Box 1267, Fairbanks, Alaska 99707

F: HB 873

April 3, 1978

Ms. Lisa Rudd
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

RE: HB 873 "An act relating to the salaries of elected municipal officials"

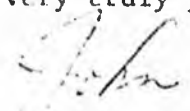
Dear Ms. Rudd:

I wish to present testimony in favor of passage of HB 873.

Having had the privilege of being elected a full time Borough Chairman in October of 1968, when the budget was set in June of 1968 for a part time Borough Chairman, I found that compensation could not be increased because of the wording in the statute. I am very happy to see HB 873 introduced as this would amend this restriction.

I concur that wages should not be decreased, as a person running for that office naturally would expect to receive the compensation shown in the budget, but should, on the other hand, not be restricted from receiving just compensation for his efforts.

Very truly yours,


JOHN A. CARLSON
Borough Mayor

JAC:mkr

(Faint handwritten notes at the bottom of the page)

news and views

F: HB 873

ALASKA MUNICIPAL LEAGUE

204 N. Franklin St. Juneau, Alaska 99801 (907) 586-1325

April 10, 1978

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

Dear Representative Rudd:

We are writing with regard to HB 873. Although this currently effects only two of our members, Fairbanks North Star Borough and Kenai Peninsula Borough, as more municipalities grow, we may have more.

I think that some of the concerns of the committee are real, and I would therefore suggest an amendment.

On line 73, strike the period after office, and continue the sentence by saying "unless by ordinance generally applicable to all personnel employed by a municipality".

The result would be that salaries may not be reduced during a term of office unless by ordinance generally applicable to all personnel employed by a municipality.

It would appear to us that this is fair as it provides:

- 1) The official could receive a raise as the Assembly saw fit.
- 2) It provides for a reduction as it would apply to all municipal employees.
- 3) It still provides that the salary may be adjusted up or down before the next term begins.
- 4) It also provides that there will not be any discrimination in establishing salaries for the official.

We appreciate your time and consideration.

Sincerely,


Jim Rolle
Executive Director

cc: House CPA Committee Members

HB

913

MADE IN U.S.A.

STOCK NO. 7531/3

Oxford Penaflex



CR FROM HARRIS RE TELEGRAMS TO
KERR RILES

HARRIS SHANDLER -
ROCKY FORTIER - H/MISS AA
HENRY HICKS
/ JIM WOLFE - AMRL

CR CONTACT HARRIS PITS 279-3462

JOHN HARTER
EVIDENT CHILD CARE CENTER
586-2753 (in Denver)

STATE OF ALASKA
Inter-Department Route Slip

TO:
MAIL STATION NUMBER _____

DEPARTMENT Sen. C-RA Committee

ATTENTION Ben Nordmark

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

Remarks: Position paper on HB 913 per your request. Also, please ask Sen. Ossini to call Eric Lee at 279-3462 if Eric hasn't reached him yet today.

FROM:
MAIL STATION NUMBER 2100

DEPARTMENT DC-RA

BY Jancy Krichuigan DATE 6/1/78

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER POUCH B - JUNEAU 99811

June 1, 1978

The Honorable Joseph L. Orsini
Chairman, Senate Community and
Regional Affairs
Pouch V
Juneau, Alaska 99811

Dear Senator *JLO* Orsini:

It is the Department's opinion that HB 913 will accomplish two things:

1. HB 913 will make the promulgation of regulations for the Day Care Assistance Program mandatory rather than permissive.

The Department has no objection to this change since regulations have already been drafted and should be set in place by this summer. Public input concerning changes will be open through July 31. However, we feel this change is purely academic as regulations are already being written.

2. HB 913 will severely impair the Department's ability to ensure competent administration by a subcontractor on the local level.

The Department is opposed to this change. While the Statutes (AS 44.47.250-310) require the Department to administer the Day Care Assistance Program, HB 913 would severely impair our ability to do so. To administer the program adequately, we feel the Department must have the authority to ensure that the Day Care Assistance Program Administrator, whether subcontracted or not, has the ability to serve the clientele effectively. In addition, certain minimum performance standards, as set forth in our proposed Day Care Assistance Program regulations, are necessary to best serve families in need of assistance, such as the accessibility of the administrator to the public. (If the committee feels that the \$100,000 minimum grant clause for authority to subcontract is inappropriate, the Department will delete this from the proposed regulations in line with your recommendations).

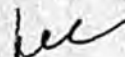
Since the Day Care Assistance Program benefits low-income parents, we are very concerned that poor administration of the Day Care Assistance Program would affect the parents receiving this assistance.

June 1, 1978

We have found this to be the case in the past when subcontractors have not administered the program in an acceptable manner. We have also found that contractors rely heavily on the Department to train the subcontractor and monitor the program, and the contractor does very little, if anything, of this nature.

Due to the above stated reasons, the Department opposes this bill.

Sincerely,



Lee McAnerney
Commissioner

6-1-78

RE CS FOR HB 913

Jim Rhee said that the Am Municipal League supports the CS + the legislation since it would get D CPA out of the business of over-seeing municipal contracting for day care services. Therefore the League did support the bill and the concept behind it.

However Rhee was concerned that the language in the bill would prevent the state from directly administering day care programs in areas where a general municipality, which did not wish to under take the administration of day care contracts, opted out. Rhee would like language, presumably in Sec (6) that would instruct the State to undertake direct day care programs where a municipality was not involved - either in or outside of an organized borough.

JRH.

546-275

5-30-78 John Hinkle Eupat Child Care Center Fairbanks
oppose - see deletion.

Original sponsor: Health, Education and Social Services Committee

Offered: 5/17/78
Referred: Rules

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

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CS FOR HOUSE BILL NO. 913

IN THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to day care programs."

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

* Section 1. AS 44.47.250 is repealed and re-enacted to read:

Sec. 44.47.250. POWERS AND DUTIES. The department shall

- (1) implement and administer a program to assist in providing day care for the children of low-income families according to the requirements of secs. 250 - 310 of this chapter;
- (2) establish standards of eligibility for day care benefits;
- (3) contract for the care of children of eligible families;
- (4) establish procedures to periodically review the needs of families receiving day care benefits;
- (5) contract with consenting municipalities to perform its duties under secs. 250 - 310 of this chapter within those municipalities; a municipality may subcontract with another organization in the community to perform administrative duties; [w/ approval of department]
- (6) contract with day care facilities outside of municipalities; to provide more effective administration of programs in the unorganized borough, the department may contract with another organization in the community or with an organization serving the region in which the community is located to perform administrative duties;
- (7) adopt regulations necessary for the performance of its duties under secs. 250 - 310 of this chapter.

* Sec. 2. AS 44.47.260 is amended to read:

Sec. 44.47.260. LOCAL PARTICIPATION. When a contract is made

1 under sec. 250(5) [SEC. 250(b)(2)] of this chapter between the depart-
2 ment and a municipality, the municipality shall pay the costs of adminis-
3 tering the contractual duties within its jurisdiction.
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DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Eric Lee, Director of
Community and Rural
Development

DATE:

January 23, 1978

FILE NO:

TELEPHONE NO:

FROM:

Harvey
F. Harvey Pitts
Child Care Programs
CoordinatorSUBJECT: Recommendations by the
Ombudsman in his October 20,
1977 letter to you concerning
Dr. Gold's complaint

Herein are my comments regarding the several recommendations for improving the DCAP which were set forth by the Ombudsman:

1. To straighten out any confusion that might have been evidenced in this Fairbanks day care administration, we would suggest you begin the tedious but needed process of promulgating regulations, at least in the following areas:
 - A. What is the State's intent and interpretation of "permission to subcontract?" With that permission, is it then the responsibility of the Borough to determine the exact subcontractor?...
 - B. ...the procedure of how one should obtain permission for subcontracting is not clear. For example, it calls for "Written permission from the Department" for a municipality to be able to subcontract. Yet, when should the permission, if so desired, be obtained?...
 - C. ...Should a municipal government have to substantiate why it prefers to operate the program through subcontracts as you once intended?...
 - D. What does the Department infer by the local administering agency's responsibility to serve eligibles in the designated grant area?...should be clarified. It might make more overall management and planning sense to prioritize eligibles from the start of the fiscal year and apportion monthly subsidies to a determined ceiling..."
 - E. ...exact breakdown of State, contractor (or local government) and subcontractor (or local administering agency) responsibility. Appropriate termination procedures for recipients...; methods of accurately informing recipients in a properly designated time frame...; guidelines important for subcontractor's proposals statewide, as well as advertising for new proposals; a spelled-out monitoring effort....
2. ..., we would recommend a clarifying letter be sent to Fairbanks North Star Borough Mayor John Carlson and Fairbanks Borough Assembly Chairman Phil Younkers.

3. We suggest a letter to Dr. Gold...and, by means of this complaint resolution, perhaps a future meeting between you, Pitts, Dr. Gold, the Commissioner and appropriate Borough contacts could take place to iron out personality conflicts that might remain."

As far as I can determine, the above are recaps of the Ombudsman's suggestions with extraneous remarks omitted. The following are my suggestions:

1. First, I am opposed to regulations-any regulations. They are cumbersome, not suited to community variations, and would serve to eliminate the flexibility we have to allow different communities, with unique cultural, traditional and economic needs, to serve their residents the way the local government feels they should be served. Because they have the effect of specific law they predestine a "big brother" approach similar to the federal government's FIDCR which is the prime reason the DCAP program was designed as it is by the legislature. The intent was for a great degree of flexibility. I believe that is why the legislature in its wisdom made promulgating regulations permissive rather than manditory. Indicated by the fact that no funds were appropriated for the promulgation process. That the Department is not required to promulgate regulations, contrary to what Mr. Flavin stated, has been verified by 3 Assistant Attorney Generals. This was the opinion of Dick Bradley (now with Legislative Affairs) when he was with the Department of Law, it is the opinion of Rodger Pegues in the Juneau office of the Department of Law, and is also the opinion of Ivan Lawner, general civil section, of the Anchorage office of the Department of Law. In fact, Mr. Lawner said that courts have held that written guidelines and contracts, such as we have, have been enforced by courts in the same manner as regulations. According to Mr. Lawner, Mr. Flavin is a strong proponent of regulations, but Mr. Lawner too, could not see the need for regulations as recommended by Mr. Flavin. In summary, it my opinion that there is no need for regulations, that they would prove detrimental to the flexability intended for the DCAP by both the legislature and the administration and that we should defer in their promulgation. Perhaps at some later point in time regulations might prove helpful. However, that time would come when history stabilizes the DCAP and not while it is under metamorphosis, certainly not in the near future, if ever. Assimilation of changes into our Day Care Assistance Program Application Manual, and thereby into our contracts, would serve the same purpose as regulations, and would be much more amenable to change with the program.

In paragraph A Flavin recommends that we clarify the Department's intent and interpretation of "permission to subcontract." This recommendation has merit and I suggest we do this in the manual by rewording the 3rd paragraph in Section III on page 2 to read as follows:

A participating government may choose to administer the program directly, and is urged to do so. However, the Department realizes that extenuating circumstances might exist in smaller or rural communities which would make it necessary for the community to subcontract for another appropriate local agency or group to perform local administrative functions. These functions include: outreach, screening of applicants, eligibility determination, authorization, payment to providers, and monthly reporting. If a community opts to subcontract for administration, it must request from and obtain the written approval of the Department to subcontract prior to execution of the subcontract. In no case will the Department allow a community to opt to subcontract or change the sub-contractor whom the Department has previously approved after a grant is made. Violation of this provision will result in immediate termination of the contract and grant.

I believe this would suffice to clarify our intentions regarding both subcontracting and the need to satisfy the Department of the qualifications of the subcontractor to adequately administer the program.

In paragraph 13 it is suggested that we clarify when permission to subcontract should be obtained. My above suggested change will also satisfy this recommendation, which too has merit.

In Paragraph C the suggestion is that we clarify whether a local government should have to substantiate why it prefers to operate the program through subcontracts. I think this suggestion has merit and I think the answer is yes they should. However, because of community variations I don't believe we will be able to spell objective criteria for acceptable needs for subcontracting that could satisfactorily encompass the entire State. Those guidelines inserted because of the above recommendation should suffice here.

Paragraph D suggests we clarify the intent of the LAA's responsibility to serve eligibles in the designated grant area. This can be done most succinctly in Appendix A of the Contracts for Service by deleting the words "to serve all" and replacing them with the words "not to deny assistance to" and adding the words "regardless of the location of the family's residence" to the end of the paragraph so that it reads:

The Contractor agrees not to deny assistance to families with reasonable access to licensed day care facilities within the Fairbanks North Star Borough regardless of the location of the family's residence.

In this same paragraph the Ombudsman also alludes to prioritizing eligibles and restricting monthly expenditures from the start of the fiscal year. It is my feeling that eligibles are prioritized in

the statute (preference shall be shown to low income and single parent families). Furthermore, establishing monthly maximums would be detrimental to the various communities wherein employment fluxuates by season such as in Petersburg and Kodiak or communities undergoing rapid development and construction. I therefore recommend retaining the status quo on priorities and monthly expenditures.

Paragraph E contains a mutiplicity of suggestions:

1. We should spell out the exact breakdown of State, Contractor, and Subcontrqctor responsibility. This is done in the latter half of our manual which is made a part of every contract. Any addition would be redundant, and therefore I recommend no action on this.
2. We should extablish appropriate termination procedures for recipients. At first glance this seems like an excellent suggestion. However, as I thought about ways this could be implemented, several things occurred to me... There are many reasons why clientele terminate from the program. They might marry another person whose combined income exceeds the maximum allowable. Termination in this case is simple - when the client marries, their assistance abruptly terminates. Another client might get a better paying job or might quit working. Again, termination in these cases is simple and abrupt. Perhaps a recipient family is eligible because a non working parent is suddenly incapable of caring for the child(ren) while the parent works either through accidental injury or onset of illness. Eligibility in this case, ceases when the attending physician certifies the incapacipated parent is able to resume caring for the child(ren). Although abrupt, cessation of eligibility in these instances are foreseeable in advance based on information submitted by the client's physician. Therefore, no detailed plan is necessary beyond informing the client termination is a forced cutback as a result of poor planning and administration by the LAA. With our improved monitoring of monthly expenditures this should never happen. But if it does, it obviously will be the result of poor administration of the LAA. Since it is our philosophy to allow as much local control as possible, I believe we should leave this final decision with the LAA. However, since you feel an advance notice of at least 2 weeks should be given prior to termination of assistance, this can be accomplished by adding the following sentence to item #9 in Section V, C of the Program Manual:

"A minimum of 2 weeks notice must be given to any recipient prior to termination of day care assistance when the recipient continues to meet eligibility criteria."

3. Setting forth guidelines important for subcontractors as well as requirements for advertising for subcontractors are also recommended in this paragraph. Setting forth guidelines for acceptable subcontractors indeed merits implementation and I propose to do this by inserting the following paragraph between the existing paragraphs 3 and 4 on page 2 of the manual:

The following criteria are established as minimum for approving subcontractors:

A. REQUIREMENTS

1. Formal training or experience totalling at least four years in one of the helping professions.
2. Demonstrated capability to interpret and apply written instructions.
3. Demonstrated administrative ability to compute gross income and adjusted net income.
4. Administrative experience in program operation.
5. Experience or training in office organization or management.
6. Experience in administering a Social Service Program.
7. Must devote a minimum of 75% of administrator's worktime to the Day Care Assistance Program.
8. Administrative duties may not be delegated, person who meets above criteria must perform all administrative duties related to this program.
9. Must maintain regular office hours in a facility conducive to serving low income and single parents accompanied by children.

Insofar as advertising requirements are concerned, each municipality's ordinance or "regulation" is quite likely to be individual and distinct. I really believe that we would be infringing on local prerogative if we were to attempt to manipulate their bidding and advertising procedures. And yet, I really agree that the more notice and publicity that the municipality gives in seeking subcontractor proposals, the better the program administration will be. Rather than discount this suggestion, I would like to think about this a bit more.

4. A "spelled-out monitoring effort" is also suggested. I feel this suggestion is redundant since this is covered in each contract, wherein the Department reserves the right to examine documents related to the program in the body of the Contract as well as in Section V, D, paragraphs 4 and 5 on page 19 of the program manual.

The suggestion is made that "You expand your direct involvement with the public at large " including:

1. selective recipient interviews during field trips
2. public hearings or some public response mechanism from State residents

The suggestion has a great deal of merit, however, staffing and time constraints preclude its implementation. To implement this suggestion would require an additional full time Field Training Officer. However since public input is always a valuable consideration, beginning immediately we will select names on a random basis from recipient files during field trips for monitoring and will telephone a sample of recipients from each community. This will provide a forum for input by those directly affected by the DCAP. In these telephone calls we will stress confidentiality and that the calls are for obtaining public opinion only.

1. It is suggested that you send a clarifying letter to Borough officials in Faibanks regarding Dr. Gold. This you have done.
2. It is suggested that you write Dr. Gold, and that a meeting be arranged between the Director, myself, the Commissioner and appropriate Borough officials to iron out personality conflicts. I have no comment regarding the letter but agree that a meeting with Dr. Gold might prove beneficial if he were to continue to be involved. However, I see no reason to include the Commissioner since I'm sure she has no personality conflict with Dr. Gold. However, I'd like to point out that I don't consider differences of opinion, Dr. Gold's defensive tirade in his letter wherein he demanded I apologize to him, a personality conflict. And even if a personality conflict did exist between Gold and myself, I feel I am actualized above petty resentment.

FHP/ad

FNSB Assembly
Work Session
March 16, 1978

Present:

Karen Parr, Presiding
Kevin Harun
Phil Deisher
Joe Marshall
Dave Brennen
Harry Reimer
Andy Karella
Phil Younker
Bill Stringer
Butch Stein

John A. Carlson
Bill Creighton
Ron Hauenstein
Gaye Patrick
Milt Staples
Beth Lausen

- 1) Day Care Assistance Program - Frank Flavin, Ombudsman, Eric Lee, Harvey Pitts

Mayor Carlson gave history of day care assistance program thus far and the problems with the subcontracting of it. Mr. Lee gave some in depth background on the program from the state's standpoint. Federal guidelines were not applicable to Alaska, so state set up its own program. Program is geared for the parent, not the child, so parent can go to work or attend school which will lead to gainfull employment. The state agencies should not directly administer the program through social services and has established the grant program with the local government paying the administration costs. The program is not forced on municipalities, but is available if wanted. It was originally designed to be administered in-house. The borough could appropriate the funds for the administration and have the program administered within the borough. They can give the responsibility to the state for the selection of the subcontractor. Mr. Lee felt the borough should operate the program in-house and all the bigger municipalities do. Smaller ones have contracted out to other social service agencies. Brennen asked if the borough was to separate itself from this service, would it still be available. Lee answered there would be no program in the borough, but the city could take over the program. It would be up to the city whether it would be limited to people within the city or not. Brennen asked why the selection of the subcontractor was not totally left to the borough and Lee answer the borough was merely responsible for the cost of it, the state has the final say and sets the guidelines. Lee stated criteria were laid out at the Aug. meeting with the mayor. Criteria are being drafted, will go to public hearing throughout the state and will become part of the Alaska Administrative Code. This is being pushed, but may take time. It will probably not be done in time for the upcoming year and bids. The current manual is the starting point and public hearings will be based on that. The state has to assume that the proper administrator will be provided for the program. When it is in-house, the qualifications, etc., of the administrator has to be approved by the state. The parents attending question why the assembly did not want the program in-house as they felt it was far better administered. They were told the assembly felt they were overstepping the powers of the borough and it has been proven the voters do not want the assembly to have additional powers.

The parents pointed out this was a job development program, not a social service. The borough will or will not accept the program depending on the conditions and those conditions should be laid out. It should also be decided who the negotiators are to be, the assembly or the administration. The consensus was to set up agreed specifications with the state prior to putting out bid. Providers and recipients will be included in negotiations.

2) Utilization of clerk's office and borough letterhead

Ms. Parr stated clerk's office and equipment was not to be used by assemblymen. A typewriter is available to move into assembly offices. Policy was set for using letterhead only for borough business and assemblymen should have their own stationery for personal use.

3) Code of Ethics

Yunker suggested Nordale review ordinance with amendments. Karella felt the enforcement of this could only be done in court. The ordinance states borough employees and elected officials have to check with borough attorney on future job positions if there might be a conflict. Parr suggested an alternative to putting this on the attorney would be to form an ad hoc committee of the attorney and 2 or 3 others. This would not be a standing committee, but formed for each case. Consensus was to form committee to do in depth study of ordinance. Committee to be: Karella, Parr and Brennen - also notify Marshall & Yunker.

4) Budget and Community Services Requests

Mayor Carlson stated they are looking at about 8.4 mill rate as the budget presently stands. The assembly needs a definition of TVA's goals. Stringer said TVA will be moving from the borough offices and a meeting of TVA board and the assembly would be useful. One portion of a work session will be set aside for TVA.

Shouldn't some of the community service requests be under P&R budget? Brennen suggested a non-revenue fund for community services. If the fund became large enough, the grants could be funded from the interest. Deisher would like to see a percentage of P&R's budget go toward the performing arts. Yunker believes the P&R commission should be directing how the budget is spent. Stein said symphony and theater are not government function and should not be funded.

Terese Kaptur, Fairbanks Symphony, stated all orchestras are supported in part by some of tax support dollars. They are asking for educational and promotional grant. Mailing list is 150 very small fraction of population. All money would be spent in the borough for the borough. This would not be a continuing request. This is their first request because they have found ticket sales do not cover costs. Average attendance is 600 with tickets at \$4.00 general and \$1.00 students.

Phil Gilbert, Hospitality House, stated they would continue mental health program as is now and add about 9 needed services. They need 25% match funding and endorsement with state matching fund with 75%.

Brennen stated endorsement can be given to all applicants for grant and state will pick best bidder. They have most of their 25% money and are only asking for endorsement as suitable group for grant. Consensus was that assembly is not qualified to consider this and cannot endorse one group without listening to all.

Linda Hulbert, Adult Learning Center, stated this is non-profit, private organization. The borough does not offer basic adult education program. Provide no charge service and serve Fairbanks and all interior villages. Rural funding comes from native corporations. They are asking for funding for teachers for special classes, i.e., English as second language, GED. State provided \$124,000 last year and native corp. \$50,000. Younker felt this should be under the school board budget. School board will not get into operating adult education.

5) Chena Wayside

Consensus was not to take it from the state unless it is completed or they will add administrative costs to the offered \$269,000.



FRANK J. GOLD, Ed. D.

Registered Psychologist

12XKXOPHAT 3098 Airport Way
FAIRBANKS, ALASKA 99701
(907) 438-4409

May 19, 1978

Eric Lee, Director
Division of Community & Rural Development
619 Warehouse Avenue, Suite #230
Anchorage, Alaska 99501

Dear Mr. Lee,

This is being written in response to the PROPOSED REGULATIONS for the administration of the Day Care Assistance Program.

The Department of Community & Regional Affairs, Division of Community & Rural Development, is charged with contracting with local communities for the administration of the Day Care Assistance Program; the Department has consistently voiced support for local versus state control of the Program; the Department has held the local community financially responsible for unallowable expenses (as defined by the Division) incurred in the administration of the Program.

Thus, one section in particular is of import and concern in the PROPOSED REGULATIONS: ACC .20(b). In that section, the Department proposes to eliminate the option of subcontracting for communities whose grant is in excess of \$100,000. This I find inconsistent and incomprehensible--in fact, discriminatory!

The Fairbanks North Star Borough Assembly has consistently gone on record as being opposed to administering the Day Care Assistance Program "in house". The Assembly has publically stated, on numerous occasions, that it is their wish to subcontract the Program administration. During the current fiscal year, on just as many occasions, the Division has thwarted that publically-elected body's desire.

Four communities are presently receiving funds in excess of \$100,000: Anchorage, Fairbanks, Juneau, and Kodiak. Two of these communities are consolidated municipalities with departments designed to handle a variety of health/social services; the third is a second class borough presently subcontracting the Program administration successfully. In spite of findings issued by the Office of the Ombudsman, and in spite of the expressed will of elected officials, the fourth community--Fairbanks--does not fall in either category. Because of the obstinance and arrogance found within the Department, the Fairbanks community has been forced to choose between eliminating the Program and operating it "in house".

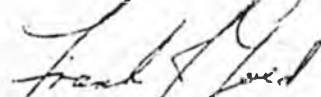
Eric Lee, Director
RE: Day Care Regulations

Page 2
5/19/78

Neither the Department nor the Division should allow itself to be placed in the position of opposing the public will; neither the Department nor the Division should allow itself to be accused of dictating unnecessary administrative procedures to a local community; neither the Department nor the Division should allow itself to be charged with authoritarian discrimination.

I request that the Department of Community & Regional Affairs and the Division of Community & Rural Development eliminate ACC .20(b) and allow every local community the option of subcontracting the administration of the Day Care Assistance Program.

Sincerely yours,



Frank J. Gold, EdD

cc: Commissioner Lee McAnerney
Special Assistant Bill Gordon
Special Assistant Jessie Dodson
Governor Jay Hammond
Senator John Butrovich
Senator John Huber
Senator Glenn Hackney
Representative Fred Brown
Representative Steve Cowper
Representative Charles Parr
Representative Don Bennett
Representative Larry Carpenter
Representative Sally Smith
Representative Lisa Rudd
Office of the Ombudsman
Mayor John Carlson
Members, Fairbanks North Star Borough Assembly
Acting Borough Manager Stuart Benslow, Kodiak

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

F. Harvey Pitts
Child Care Programs Coordinator

January 25, 1978

Eric Lee, Director *EL*
Community and Rural Development

Implementation of
Recommendations of
the Ombudsman

All directives in this memorandum are in reference to your January 23, 1978 memorandum on the subject of recommendations of the Ombudsman in his October 20, 1977 letter to you, concerning Dr. Gold's complaint. You are hereby directed to implement as soon as is possible and practical, within staff time restraints, the following:

- 1) Insert a clarifying paragraph dealing with permission to subcontract, per your memorandum.
- 2) Execute an appendix to all Contracts, redefining the term "to serve" as per your memorandum.
- 3) Add the Program Manual section V C relating to Notice of Termination, as per your memorandum.
- 4) Subcontractor criteria - Implement the changes that you recommend, with the exception of number 7, under the Requirements, requiring seventy-five percent of the Administrator's work time to the program. This needs to be reworded to allow for flexibility, dependent upon the size and nature of the community involved. Seventy-five percent is certainly reasonable for Fairbanks, however, an area such as Nome, or Kotzebue, etc. it might not be appropriate.
- 5) Contract advertising - I would recommend that we insert language into our guidelines that require broad public advertising of all subcontracts, and that the Contractor provide us with their advertising plan, with their permission to subcontract.
- 6) Direct public involvement - Implement your recommendation.

Please advise me when these directives have been carried out.

EL/dt

cc: Lee McAnerney
Commissioner

OCT 29 1977

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF COMMUNITY AND RURAL DEVELOPMENT

JAY S. HAMMOND, GOVERNOR

619 Warehouse Avenue
Suite 230
Anchorage, Alaska 99501

October 27, 1977

Mr. Frank Flavin
Ombudsman
360 "K" Street
Anchorage, Alaska 99501

Dear Mr. Flavin:

Re: Ombudsman Complaint 77-1421 (findings)

We have reviewed your findings in the above referenced complaint and offer the following responses to specific items mentioned in those findings. Items not specifically referred to, we agree with or do not view as significant enough for comment. All notations are in reference to your Letter of Findings of October 20, 1977.

To set the record straight, page 2 paragraph 3 of your letter states that "he (Pitts) would extend the FY 1977 Contract to the end of September, 1976." This is incorrect. It was the FY 1976 Contract which was extended.

A major point around which you have based your findings and which we have expressed concern in the program administration by Dr. Gold is the question of who may, should, or must be served (page 3).

We would agree that, to an uninformed party, there could appear to be a conflict between the language of Appendix A to the Contract and the Day Care Assistance Manual. The phrase, in Appendix A, "The Contractor agrees to serve all families with reasonable access to licensed day care facilities within the Fairbanks North Star Borough", was included in all the Day Care Contracts after a problem arose in Petersburg with City of Petersburg, as the Contractor, wanting to refuse "service" to persons living in the adjacent community of Kupreanof. "Service", by our definition, means "accepting applications from" or otherwise not discriminating solely on the basis of the geographic location of the individual clients residence.

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Page Two

The phrase referred to in the Day Care Assistance Manual, which is part of the Contract, is absolutely clear that the program is underfunded and that it is not the intention to "subsidize" (as opposed to "serve") all eligible families. We are certain that all contractors and administrators were aware of this fact.

The fact that I specifically reinforced this in person with Dr. Gold is documented in my Trip Report of February 9, 1977 and referred to, by you, on page 6.

You indicate (page 15) that Dr. Gold admits a conflict in philosophy between himself and the Department. As subcontractor his duties were to perform the administrative functions necessary to deliver the required service not to establish policy. If, in fact, his philosophy of the program differed dramatically from that of the State, and his actions did lead to an imposition of his philosophy, there is a serious question of a conflict-of-interest in accepting the subcontract. Dr. Gold's direct and overt actions in the political arena (legislature) were only made possible as a result of information he had access to as a result of his contractual relationship.

As the agent for the Borough and the State, Dr. Gold was acting in a manner contrary to the policies of the agency with whom he was obligated to represent.

In this same regard, we would like to point out that contrary to your statement on page 8, paragraph 5; "During the same time Dr. Gold was testifying against Community and Regional Affairs day care proposals in front of legislative committees", the Department had no day care proposals before the Legislature. Dr. Gold on his own volition was attempting to have a supplemental appropriation introduced.

Much is made of local flexibility, by you, by Dr. Gold and certain by Community and Regional Affairs. On page 4, paragraph 2 you indicate the law "...actually encouraged where applicable.. the local governments to subcontract to a local administering agency." The law is permissive, and permits subcontracting only with the approval of the Department. We can no where find where the law "encourages" subcontracting. You state (page 2) and we agree, that the subcontracting portion of the Statute was designed for rural areas. Fairbanks does not fall in that category.

We disagree with your chronology as portrayed on page 5, paragraph 4. Dr. Gold was instructed verbally (he never requested clarification in writing so it was never given) on more than one occasion that it was not mandatory that he cut off clients already on the program to "make room" for newer applicants with lower incomes. If this were true every program, every day, would need to realign their eligibles with each new applicant. The only requirement was that new AFDC or WIN recipients must be subsidized and an appropriate reserve of funds made available to this group only.

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Page Three

In paragraph 5 of page 5, we feel that Dr. Gold was fully aware that he was not obligated to subsidize all eligible families in the area. His own actions and records will indicate he did not attempt to subsidize all eligibles.

His explanation of short notice to applicants, as stated in your letter, (page 5) was that certain Legislators were working for a speedy supplemental appropriation. It would be considered poor management (and probably illegal) if we were to over expend our funds on the supposition that the Legislature might appropriate additional funds to us in the future. It was no less poor management on the part of Dr. Gold. You indicate that in fact the money was appropriated. We would point out, however, that it was not "speedy" as Dr. Gold anticipated. It in fact was not appropriated until it was too late to be utilized to any extent. Fairbanks utilized only 15 percent of the supplemental.

Your letter reports on page 7 paragraph 3 that:

"Of the \$3,068 in auditable exceptions which Brewer reported on return from her April visit, \$822 were cancelled by the Department when adequate back-up paperwork was provided."

We would make note that actually \$943.96 was cancelled not \$822, as you report. The point is that, much of the paperwork referred to should have been done properly by Dr. Gold in the first place or in the 3-month reviews of applicant files. The matter as to who reimbursed the State is not of concern to us and is a matter between Gold and the Borough.

Page 7, paragraph 4, cites the Department for Mr. Pitts not notifying Dr. Gold of the severity of the actions in regard to denying access to the files Dr. Gold did receive a copy of the letter to Blevins from Pitts and the attached monitoring report by Ms. Brewer which clearly outlines the severity of the problem.

We would agree with the finding that the Department technically erred in that the Director did not directly communicate in writing the problem of noncompliance with Dr. Gold. The procedure will be strictly adhered to on future actions. We submit however, that Dr. Gold was fully aware of the seriousness of the problem. The mere fact that he sent the "rather inflammatory" letter to Commissioner McAnerney is an indication that he felt threatened and was concerned.

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Page Four

The situation as it relates to Barbara Morse was unfortunate. She was the only professional Divisional employee in Fairbanks. She also happened to be eligible for the DCAP. We would agree that this clouds her involvement. It, however, would have required undue expense to the State to have dispatched another employee to Fairbanks to undertake routine actions related to the program. For example, I specifically requested that she obtain from the Borough the information on the bidding procedures. Her activities on behalf of the Department were limited and had negligible influence on the actions taken.

You indicate that despite specific problems outlined in Brewer's April report she indicates an improvement in the administration. Improvement is only relative to the previous level and does not in any way indicate the acceptability of the "improved" level.

Findings:

A. Action found to be arbitrary

Concur in the technical sense that the procedure was not adequately followed. We do not agree that, as a result, Dr. Gold was not made aware of the seriousness of the problems.

B. Actions found to be based upon improper grounds

Item #2 and item #4

Dr. Gold had been told that there may be additional funds available later. It was indicated these would be in smaller amounts if at all.

In page 13 paragraph 1 you state "The Contract does not state, as you say, that not every eligible person in the Fairbanks area must or should be served". We still maintain that it does, in fact, state this. Article XIV Procedures and Guidelines to the Contract states:

The Contractor shall perform all services in compliance with the procedures and guidelines as outlined in the Department of Community and Regional Affairs Day Care Assistance Program Manual (revised June 7, 1976), attached hereto and made a part hereof (emphasis added), and Alaska Statute 44.47.250-310.

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Page Five

The Manual (which is part of the Contract) states on page 2 paragraph 1

It is not the purpose of this program to provide free day care to all qualifying for assistance. Current funding does not permit the State to subsidize all eligible families;...

We have previously explained the phrase "to serve" as used in Appendix A.

We would agree with you in the statement that the choice to apportion the total funding on a month-by-month average or not, is one of local flexibility, provided:

1. The interests of the State are protected;
2. The interests of the clientele are protected;
3. The local administrator has justifiable grounds to show the advantages of expending the allocated funds in a manner other than on a monthly programmed annual basis;
4. The administrator accepts the responsibility for his management decisions;
5. That the local management decisions are in keeping with the philosophy and intent of the program.

We are of the opinion that Gold applied his own philosophy to the administration of the program; that he misled recipients, delegated program authority to inappropriate and unqualified members of his staff and did not maintain necessary supervisory controls; exercised poor judgement in expecting to receive all the necessary funding through political activity and operating the program accordingly; improperly used his position as program administrator in attempts to implement his personal policies and thus, exceeded the bounds of his contractual relationship.

Item #5

Your report consistantly refers to Dr. Gold cutting higher income clients to make room for lower clients as he felt he was obligated to do. Dr. Gold filed Monthly Statistically Reports with our office. We have indicated, and you have acknowledged, they were often late. In addition, they are of poor quality and provide conflicting information. One portion of these forms asks for the number of new families placed on the program during the month by income groups. Dr. Gold's reports indicate that he did add 9 new families in November;

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Page Six

not all in the lowest group, but in groups I, II and III. The reports for December, January, and February indicate that no new families were added in any group. He does not begin adding again until he feels the Legislature might act in March. His explanation and interpretation of Appendix A, that he had to cut recipients in the higher group to make funding available for new applicants in the lower group, does not correspond with what Dr. Gold was actually doing by his own reports.

You also state "Exactly how the reports should be filed, and what route each report should take through what local, Borough and State offices is unclear, ..." The Department Forms Preparation Manual for the program specifically states on page 3: "This Manual outlines the purpose of each of the above forms as well as the steps for their completion and submission to the correct governmental unit or agency." The Manual then continues to do just that for each form. Dr. Gold received this Manual and was trained in its use.

C. Action Found Unfair

It is our position that the Borough acted prematurely in informing Dr. Gold he would receive the Contract, especially, in light of my meeting with Helen Blevins in May. Our relationship with Dr. Gold was completed upon expiration of the Contract with the Borough on June 30, 1977. We felt no obligation to deal directly with him after that date. You indicate that Dr. Gold was surprised that we would not accept him as a subcontractor. His surprise must have been that a State agency asserted its authority, not that his program administration was considered unsatisfactory.

Agency Action Justified

- A. Statewide perspective needed and obtained through Community and Regional Affairs monitoring.

Concur

- B. Program problems properly outlined by the agency.

Concur. In addition, this experience indicates fault on our part for attempting to work out the problem areas with Dr. Gold and the Borough on an informal basis. Our obvious intent was to maintain a cordial working relationship with both. However, as you have indicated (page 16, paragraph 3), "This same patience also lent to the lack of due process..." We have already revised our procedures and taken corrective actions in this regard.

- C. Suggestions for future program advertising and proposal guidelines proper and helpful.

Concur

- D. However, heavy-handed the Community and Regional Affairs action to discredit, the Borough chose not to challenge the State's authority and chose to accept its critical comments as basis for not renewing the Day Care Contract with Dr. Gold.

We concur with your conclusion that it was rightfully the Borough's decision. However, we would disagree that we were "heavy-handed". You refer to Dr. Gold's emotionally charged and slanderous remarks before the Assembly as advocacy talents and conclude that "he was not precluded by the State from giving his side of the story." We expressed our position in a straight forward manner, as we feel we have the authority and responsibility to do so.

E. RECOMMENDATIONS

We are, and will continue, to consider the recommendations presented. We offer comments on some of these at this time. Others will necessitate a more thorough review to determine their impact and appropriateness. A lack of comment on these here does not indicate a lack of action. We refer to your recommendations by their reference in your letter.

1. Regulations

We have expressed to your staff our position regarding regulations. It is our experience that regulations tend to restrict program flexibility and create bureaucratic barricades. In review of the first two-years operation of the Day Care Assistance program, we agree that some regulations may be appropriate and have began an examination of the same.

The drafting and implementation of Statewide regulations cost approximately \$10,000. We will discuss submission of this in our Budget to the Legislature, where they can indicate their desire for regulations or not.

2. Letter to the Borough

Concur

3. Letter to Dr. Gold.

No comment.

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SPECIAL FINDINGS

Since you chose to comment on the appropriateness of the A-95 Grant Review and approval system, we would also comment:

This Division (not related to the Day Care program) has for many months been promoting a more efficient, extensive and comprehensive review process.

We would disagree that comments by agencies should only relate to that agency's experience with the Contractor. If this held true, a new applicant would receive no comments, either positive or negative.

This agency reviews several grant applications each month on a wide spectrum of subjects. They are reviewed for clarity, objectivity, budget soundness, contractor history, need for project, inter-relationship of the project to others, relationship to stated administration policies and philosophy. This is totally appropriate and in fact, absolutely necessary to objectively evaluate the merits of each proposal.

In summary, we feel the investigation of the complaint was conducted in a manner satisfactory to us. Your assistant, Kathy Allen, was very courteous and cooperative in her dealings with this office. Although, as we have indicated, we do not totally agree with your interpretations on some matters, we do completely agree with your final conclusion as stated in your October 21, 1977 letter to Dr. Frank Gold:

Please understand that we (Ombudsman) are not in a position to determine whether or not you should have, or should now receive the subcontract for the Fairbanks North Star Borough's administration of the Day Care Assistance program this next year. We believe that position is not one that our office can should, or would want to take in light of our own statutory jurisdiction and responsibilities.

Sincerely,



Eric Lee
Director

EL/dt

cc: Lee McAnerney, Commissioner
John A. Carlson, Mayor,
Fairbanks North Star Borough
Phil Younkers, Chairman,
Fairbanks North Star Borough



ombudsman

Frank Flavin

State of Alaska
360 "K" Street, Room 246
Anchorage, Alaska 99501

(907) 276-4011

October 20, 1977

Eric Lee, Director
Division of Community and Rural Development
Department of Community and Regional Affairs
Bayview Commercial Building Suite 230
619 Warehouse Avenue
Anchorage, Alaska 99501

Re: Ombudsman Complaint 77-1421
(Findings)

Dear Mr. Lee:

Please be advised that the above-noted complaint has been investigated and has been found to be a partially-justified complaint. However, based on conversations with my assistant, I believe we can come to a mutual agreement regarding future action in this case.

The complaint, filed by Dr. Frank Gold of Fairbanks, alleged that your office improperly and unfairly prevented him from obtaining a contract to administer the Day Care Assistance Program within the area of the Fairbanks North Star Borough. Letters from your office to the Borough Assembly and the Borough Mayor became the basis upon which that governmental body determined not to award a second year's day care contract to Dr. Gold.

Dr. Gold has charged that action, based on erroneous grounds outlined in the letters, was an abusive overextension of the State's authority in administering monies for the program.

We have reviewed the files, both in Anchorage and Fairbanks, interviewed several administrators of the day care program, Community and Regional Affairs personnel, Fairbanks officials, day care assistance recipients, and of course, Dr. Gold.

As the entire complaint and resulting situation is to be considered by the Borough assembly again soon, we find it appropriate, and hopefully helpful to all parties, to detail the history of this day care assistance administration in Fairbanks; our findings regarding the Division of Community and Rural Development; and our recommendations, based on those findings. Our intent, by means of the recommendations, is

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to afford an impartial look at the record, set that past record straight, and hopefully, to suggest improvements for this needed program.

SUMMARY OF BACKGROUND RECORD

After the Fairbanks Borough determined there was need for day care assistance, as provided for in AS 44.47.250, the Borough began implementing its own program through funds provided by the Department of Community and Regional Affairs.

The program was administered directly by the Borough through the end of 1976. Due to a transfer of the Central Child Care Coordinator's office from Juneau to Anchorage in the summer of 1976, a timely approval of the FY 1977 Day Care Assistance grant to the Fairbanks North Star Borough was not possible until September, 1976. In a letter dated August 26, 1976, F. Harvey Pitts, the Child Care Coordinator, stated he had received the application for the next year's program funds. At that time, he said the proposal "appears in order and has my approval", but said until the final authorization came through, he would extend the FY 1977 contract to the end of September, 1976. It is important to note here that a copy of that letter was sent to Dr. Frank Gold, who had previously signed a contract with the Borough to begin administering the Day Care Assistance Program on July 1, 1976. Although the FY 1977 contract from the Department to the Borough was not finally approved until September 24, 1976, it was backdated to become effective July 1, 1976.

The Borough, State and Dr. Gold's files all are in agreement that Dr. Gold began administering the Day Care Assistance program in July of 1976. He had not solicited the contract, but rather, he had been approached and asked by borough officials if he would be interested in a contract. He was interested and soon took over full administration of the program.

Regarding legislative intent concerning the statute requiring the Department's permission prior to subcontracting, the record and your recollection of this provision indicate the inclusion was aimed at rural areas. Fairbanks is not a rural area, but the law does not distinguish a difference, between urban and rural areas, thus letting the Fairbanks Borough Assembly opt for subcontracting.

In FY 1977, (contract signed in September, 1976) there was no discussion of the merits of in-house versus subcontracting the program, nor was there any request or demand for permission to subcontract. The reading of the law at the time and the

interpretation up until this past May was that "permission to subcontract" meant the State could allow a municipal government to move the Day Care Assistance Program administration out of its own offices and subcontract. The involvement the State had in the actual subcontractor choice was negligible, at least according to the Borough's interpretation and the 1976 experience.

After a month and a half of program administration, Dr. Gold found he had more applicants than he had anticipated money for the rest of his contract term. Part of this reason was the expressed desire of the State that the program be advertised widely in the North Star Borough area. And, examination of the contract, the regulation manual and the statute are in conflict regarding what the responsibility of the administrator actually is in meeting the demands of all those applicants that qualify for the assistance.

The statutes potentially (from AS 44.47.250 through AS 44.47.3.0) allow for the Department to establish guidelines for parent eligibility, provides for subcontracting the assistance program administration, and sets out the parent responsibility in finding a licensed day care facility for his or her child. It does not directly address how eligible families are to be cut from the program.

The Day Care Assistance Manual (page 2) states: "It is not the purpose of this program to provide free day care to all qualifying for assistance. Current funding does not permit the State to subsidize all eligible families; therefore, lower income families will be given priority."

The contract between the State and the North Star Borough as well as the subcontract between the North Star Borough and Dr. Gold, however, both contain the following section (5) as part of Appendix A, which is to be considered a part of both contractual agreements:

"(5) The contractor agrees to serve all families with reasonable access to licensed day care facilities within the Fairbanks North Star Borough."

Observing that he had reserve money to fund AFDC and WIN recipients, and in light of the aforementioned conflict in interpretation limiting subsidies amongst eligibles, Dr. Gold chose to exercise the flexibility called for in the Day Care Assistance Manual's stated purposes and goals of the program. These purposes, directly quoted, are:

"The act gave responsibility for administration of the program to the Department of Community and Regional Affairs in the hope of encouraging local government participation in the delivery of day care services.* The Department will contract with local communities for direct program administration in order to allow as much local responsibility as possible while assuring the requirements of the law are met."

Where the law gave the department responsibility for allocating its appropriated funds, it also allowed -- and actually encouraged where applicable -- the local governments to subcontract to a local administering agency. The law (AS 44.47.250 (b) (2)) requires C&RA's permission to subcontract; the manual and subsequent contracts call for that permission to be in writing.

Less than one month after the State and Borough had firmed up their mutual contract for FY 1977 funds (on September 24, 1976), Dr. Gold determined that the contractual amount would be far short of the Fairbanks North Star Borough's demand. On October 18, 1976, he wrote to Pitts requesting an additional \$70,000 to \$100,000 to meet the needs projected for the entire fiscal year. Pitts responded in an October 20, 1976 letter that an additional \$22,125 was allocated to the Fairbanks program. He stated, "The problem is, of course, insufficient funding to accommodate all persons eligible for Day Care Assistance." He further suggested that a maximum monthly mean subsidy be established as a monthly ceiling. This would allow for continued funding of AFDC families for the entire year. Pitts stated that after the additional October allocation, there would be "no more additional funds which can be made available" to the Borough during fiscal '77. He suggested that to stay within the monthly ceiling allocations, Dr. Gold curtail assistance beginning with those recipients in the higher income groups.

On October 26, 1976 (or two days after receiving Pitts' letter), Dr. Gold computed a monthly average and sent out a letter to some of the recipients that their assistance would be dropped November 1, 1976. Copies of this letter were sent to both Pitts and Helen Blevens, the Borough's Treasurer.

* This is consistent with the statutory powers and duties of C&RA "to advise and assist local governments" (AS 44.47.050 (1); and to supervise, monitor, and otherwise help make local governments eligible for State, federal and other grants.

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That letter, which became the form for future notification of other applicants who would have to be dropped to allow Dr. Gold to stay within his monthly mean averages, included the following paragraph:

"Due to the inadequate amount of funds provided to the Fairbanks North Star Borough Day Care Assistance Program, it is impossible to continue funding all day care payments for the entire year."

Pitts' Anchorage file shows this copy with no corresponding letter even mentioning--much less criticizing--the explanation Dr. Gold was using.

More low income applicants continued to apply for new Day Care Assistance, thus mandating Dr. Gold to rework his allowable "eligibles" list to stay within his monthly mean. In order to continue giving priority to applicants with lower incomes, even if they were newer applicants than some other higher income eligibles still getting subsidies, Dr. Gold had to revert to cutting off new groups of eligibles within the higher income brackets. This is his understandable explanation of the necessity of staggered elimination of higher income group recipients as the fiscal year progressed.

Admittedly, the above was not his only reason for delaying notification of those who eventually were cut from the program with only a few days' notice. Dr. Gold operated under apparently acceptable interpretations of the contractual terms of serving all eligible families in the Fairbanks Borough area and under the expressed C&RA desire for local flexibility. Dr. Gold considered this short notice (which caused some admitted hardships) as serving the client community until he was forced to cut them from the program. His explanation is that at least four Fairbanks legislators were openly working to expedite a speedy supplemental allocation to the Statewide program, with special attention to the Fairbanks plight.

More money from within C&RA was forthcoming on February 10, 1977, when Pitts and Dr. Gold discussed the new availability of \$18,054 which came from unspent day care assistance money not used by another community. With the initial \$106,495 contract monies, the October \$22,125 monies and this new February allocation of \$18,054, the Fairbanks North Star Borough allocation was a total of \$146,674. This figure was still some \$55,000 short of Dr. Gold's first forecast of the Fairbanks day care needs of \$200,000 in early fall--and about half his January, 1977 forecast to legislators based on increased demands for the assistance from Fairbanksans.

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The administration of the program by Dr. Gold was of no serious concern to the Department's Chief Day Care Coordinator, as is evident in the letter Pitts sent Gold confirming the above additional allocation. Pitts, in a letter dated February 18, 1977, stated, "As in the past, Frank, keep up the good work. I still plan to stop by and visit with you as soon as I can find the time to get out of the office."

File records show that Dr. Gold had incurred no major criticism by the Department, at least through Pitts' previously mentioned letter. The first signs of unrest due to Dr. Gold's management can be evidenced in your trip report dated February 9, 1977 (which was prior to Pitts' above comments of good work.) In that report where you detail discussions with Dr. Gold, you stated, "It is difficult to get the idea across that this is not a "welfare" type program where everyone who meets the guidelines is entitled to service . . . We must address this as a political issue. I would strongly recommend against any supplemental appropriations to Fairbanks or other communities. In my opinion, a supplemental would be rewarding poor planning and mismanagement and penalizing those communities who have conducted a responsible program. They wanted flexibility and authority but are quick to shirk responsibility for problems created . . . We need to work more closely with the grantee communities in preparation of the FY '78 program to avoid a repeat of this years problems."

Ironically, it is about this time when Dr. Gold and other day care administrators Statewide began to address this funding supply as a political issue also. They began intense lobbying with their respective legislators for more funds to last the FY '77 year. And since Pitts' letter followed your report to Commissioner McAnerney (with no subsequent comment to Dr. Gold), we cannot assume he was placed on any notice for rectifying any major or minor concerns you expressed.

Shortly after this public testimony before the legislature, apparent conflicts arose between the day care administrator (Dr. Gold) and the Department. After one visit by the Department's field officer (Jan Brewer) on March 30th, several errors (according to Brewer's March 31st field report) were noted in the administrator's operations. Since Dr. Gold had just hired a new program administrator, Brewer recommended that a subsequent visit to the Fairbanks office take place within a month to better review all the files

after the new program person was more familiar with the job and files.

Brewer returned to the Fairbanks office on April 11, 12 and 13, at which time relations between the local administrator and the agency deteriorated significantly. Dr. Gold, who admits he was made aware of the impending visit by Brewer, was reluctant to allow her access to any files, except the terminated ones, until his program assistant returned to work. He had said his assistant was out sick and Brewer reviewed only the closed files. The next day, (April 12) the assistant was still out sick and Brewer was denied access to the files. She had reminded Dr. Gold of Article VII in his contract with the Borough that mandated the files be open to the Department during regular business hours. Whether Dr. Gold opened his files to her or the following day (April 13) due to the fact his assistant had returned to work or because Borough Treasurer Helen Blevins had called him (at Brewer's request) to mandate Dr. Gold open the files (or a combination of both) is a matter of interpretation. In any event, the files revealed some audit exceptions.

Of the \$3,068 in auditable exceptions which Brewer reported on return from her April visit, \$822 were cancelled by the Department when adequate back-up paperwork was provided. Of the remaining exceptions, it is unclear where the responsibility falls in regards to the errors as the Borough paid at least portions of those exceptions. According to Borough Administrator Ron Garzini and Dr. Gold, several of the exceptions were based on miscalculations made while the Borough still administered the program in-house. Dr. Gold has stated he has not paid any of those audit exceptions in question.

Shortly after the April staff visit, Dr. Gold received a copy of a letter written by Pitts to Blevins in which he outlined the disallowed audit exceptions and detailed the problem regarding access to the files. The letter did not outline actions which Pitts thought were mandatory to insure continuation of the program with Dr. Gold nor did Pitts notify Dr. Gold of the severity of the actions in regard to denying access to the files. We refer here to the Department's Day Care Assistance Application Manual; Page 19, Article 5 of the Department's responsibilities in this program:

"5. When the Director finds that the local agency is not in compliance with the work program and contract, he shall notify the agency of the problem and the requirement for compliance. If after a reasonable period satisfactory

Eric Lee
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adjustments are not made, he shall notify the agency that further payments will be withheld until the deficiencies are corrected."

Pitts' April 19 letter to Blevins, however, prompted Dr. Gold to fire off a rather inflammatory letter to Commissioner McAnerny asking that Pitts apologize for the letter, and for Pitts' failure to talk with Dr. Gold before concluding Dr. Gold was in the wrong. Dr. Gold recalls hand-delivering the letter to the Commissioner on April 26.

Dr. Gold received no response from the Commissioner, nor did he receive any letter from Pitts. However, the Anchorage file shows an interesting, (however irrelevant) memo from Pitts which carries a date of April 27. It concerns a proposal by Dr. Gold for a drug abuse grant he applied for in another department--the Drug Abuse Office. The memo was initially written by Pitts on non-ordinary stationery and the copy in the Anchorage file we copied, shows a stamp as having been received by the Drug Abuse Office on May 16, 1977. The memo was written to McAnerney, but the only paragraph to mention Pitts' involvement with Dr. Gold in the day care contract experience vaguely questions Dr. Gold's management of the day care program and Dr. Gold's refusal to allow Brewer access to the files. The last paragraph recommends the following:

"I recommend that the A-95 Grant Request referenced above be denied and that a search be undertaken for a more suitable Drug Abuse Program Administrator."

During the same time Dr. Gold was testifying against C&RA day care proposals in front of legislative committees, the Department began collecting a variety of paperwork regarding Dr. Gold's other involvements.

For example, in the Anchorage day care assistance file on the Fairbanks program, there are some 61 different documents (at least as recorded in September by my assistant, Cathy Allen). Of those 61, 31 documents deal with subjects other than the day care program. A large portion detail problems and criticisms other people had with Dr. Gold's proposed mental health clinic. Eight other pieces of paper dealt with Borough zoning problems--some dating back two years.

Barbara Morse, a Departmental employee directly under your supervision, was also receiving day care assistance through Dr. Gold's administration. She had recorded problems with Dr. Gold's administration of the program as he had required more back-up paperwork in order to adjust the level

Omit