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HLM

MISCELLANEOUS

0072

1979-1980

HOUSE LABOR AND MANAGEMENT COMMITTEE

LIST OF FILES (PAGE 1)

MISCELLANEOUS

HB 189

HB 406

HB 471

HB 564 , HB 565

HB 670

HB 705

HB 859

HB 1001

HCR 59

HJR 35

SB 4

Misc

HOUSE

LABOR

&

MGMT



Official Business

Alaska State Legislature

House of Representatives

Office of the Chief Clerk

Pouch V
State Capitol
Juneau, Alaska 99811

Mr. Hurlbert, Chairman
LABOR & MANAGEMENT COMMITTEE

The Speaker has referred the following board to your committee for consideration:

ALASKA WORKMEN'S COMPENSATION BOARD

Mr. M.M. Langberg, Fairbanks, term expiring 07/01/81
Mrs. Ann Pittenger, Anchorage, term expiring 07/01/81
*Mr. Thomas Chandler, Ketchikan, term expiring 07/1/82
*Mr. Jim Robison, Anchorage, term expiring 07/01/82

*Reappointed



Alaska State Legislature

House of Representatives

May 15, 1980

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

Appt. already taken care of.

The Honorable Terry Gardiner
Speaker of the House of Representative
Eleventh Alaska Legislature
Pouch V State Capitol
Juneau, Alaska 99811

Dear Mr. Speaker,

The House Labor and Management Committee has reviewed the qualifications of the following named individual who has been submitted in nomination for the Occupational Safety and Health Review Board.

Mr. Lew McFerren, Anchorage, term expiring 08/01/81.

The committee has interviewed this individual and recommends his confirmation.

Concurring:

L Vernon Hurlbert-Chairman

Brian Rogers-Vice Chairman

Joe Hayes

Sick
Mike Miller

Joseph McKinnon

L Margaret Branson

Robert Bettisworth

RSUP

A nonprofit own
insurance program
any other students

Court Cases - Dept. Labor
Depais - Save time & money

Pros

17.5 Fiscal Year

Insurance program for high school
students who are working and not
included in another insurance program.

Judge Depais of Dept. Labor states
it would save time & money
and Court Cases with back who injured.

Anchorage has their own insurance
program - RSUP.

STATE OF ALASKA
THE LEGISLATURE

POUCH V, STATE CAPITOL
JUNEAU, ALASKA 99811

HOUSE OF REPRESENTATIVES

TO LABOR AND MANAGEMENT

REMARKS:

Attached is a copy of the Governor's letter submitting the name of Mr. Lew McFerren to the Occupational Safety and Health Review Board. Also attached is Mr. McFerren's resume.

FROM Chief Clerk's Office DATE 5/13/80

LAA 25-H

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 9, 1980

The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

Please add to your list of Alaskans to be confirmed for
appointment to boards and commissions the following:

COLLECTION AGENCY BOARD

*Mr. Allan D. Shepard, Anchorage, term expiring 03/01/81

S.A.

COMMERCIAL FISHERIES ENTRY COMMISSION

*Mr. Robert J. Simon, Juneau, term expiring 07/01/84

Rec

BOARD OF GAME

*Mr. Samuel J. Harbo, Jr., College, term expiring 07/01/82

Rec

OCCUPATIONAL SAFETY AND HEALTH REVIEW BOARD

Mr. Lew McFerren, Anchorage, term expiring 08/01/81

to file ✓

BOARD OF PSYCHOLOGISTS AND PSYCHOLOGICAL ASSOCIATE EXAMINERS

Dr. Charles C. Bovee, Sitka, term expiring 07/01/81

to file
Comm

Sincerely,



Jay S. Hammond
Governor

Enclosures
*Reappointed

P. O. BOX 1149

JUNEAU, 99811

907-465-2700

FOR IMMEDIATE RELEASE

MCFERREN RETIRES

Law McFerren, Assistant Commissioner of the Alaska Department of Labor will retire. That announcement from the Alaska Department of Labor. McFerren has served in his present position since July of 1975, but is not a newcomer to the job. He was Assistant Commissioner of Labor in the Fairbanks area under Governor Walter J. Hickel and Governor Faith Miller from 1967 through May of 1970.

Commissioner Orbeck, announcing McFerren's retirement, says, "He will be sorely missed by all of us. He provided invaluable assistance in the settlement of fish disputes, and coordinated the issuance of residency cards during implementation of the controversial local hire law."

McFerren worked as a safety inspector for the Department from 1966 to 1967 and was Alaska area manager for an explosive company for five years. His other state employment was with the Department of Highways from 1963 to 1967.

McFerren's background embraces many years of significant experience in construction, road building, mining, and industrial explosives operations.

McFerren bought the ghost town of McCarthy and completed restoration of that property. McFerren attended grammar school in Skagway and was a graduate of Douglas High School, Class of 1927. His early mining experience included various hard rock mines out of Ketchikan; The Alaska Juneau Mine, Juneau. The Fern Mine, out of Anchorage and the Fennicott and Sabena Mines. McFerren's last day on the job is February 25th, but he will officially retire May 3rd.

Date of Release: February 27, 1979



Alaska State Legislature

House of Representatives

Committee on Labor & Management

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

March 27, 1979

The Honorable Terry Gardiner
Speaker of the House of Representatives
Eleventh Alaska Legislature
Pouch V - State Capitol
Juneau, Alaska 99811

Dear Mr. Speaker:

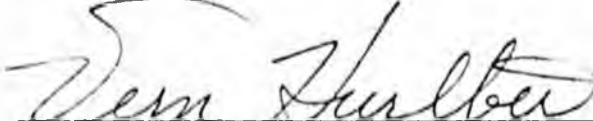
The House Labor and Management Committee has reviewed the qualifications of the following named individuals, who have been submitted in nomination for the Occupational Safety and Health Review Board.

James Dodson - Juneau

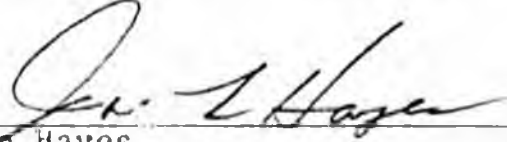
Lars Eide - Petersburg

The Committee has interviewed these individuals and recommends their confirmation.


Concurring:


Vernon Hurlbert, Chairman


Brian Rogers, Vice Chairman


Joe Hayes


Mike Miller


Joseph McKinnon


Margaret Branson


Robert Bettisworth



Official Business

Alaska State Legislature

House of Representatives

Office of the Chief Clerk

Pouch V
State Capitol
Juneau, Alaska 99811

Mr. Hurlbert
Chairman
Labor and Management Committee

The Speaker has referred the following Governor's appointments to you for confirmation hearings:

ALASKA WORKMEN'S COMPENSATION BOARD (Page 277 of the journal)

Mr. M. M. Langberg, Fairbanks, term expiring 7/01/81

Mrs. Ann Pittenger, Anchorage, term expiring 07/01/81

*Mr. Thomas Chandler, Ketchikan, term expiring 07/01/82

*Mr. Jim Robison, Anchorage, term expiring 07/01/82

*Reappointed

ALASKA WORKMEN'S COMPENSATION BOARD (Page 358 of the journal)

Ms. Jan Baughman, Fairbanks, term expiring 07/01/80

These were the only referrals to your committee for Governor's appointments Confirmation Hearings so far this year.

A handwritten signature in cursive script, appearing to read "Irene Cashen".

Irene Cashen
Chief Clerk

STATE OF ALASKA
THE LEGISLATURE

POUCH V, STATE CAPITOL
JURIEAU, ALASKA 99811

HOUSE OF REPRESENTATIVES

TO LABOR AND MANAGEMENT

REMARKS:

Attached you will find the resume of
Mr. Pete Millar and the Governor's
letter appointing him to the Board of
Welding Examiners.

FROM Chief Clerk's Office DATE 3/19/80

LAA 25-H



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 14, 1980

The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

Please add to your list of Alaskans to be confirmed for appointments to boards and commissions the following:

ALCOHOLIC BEVERAGE CONTROL BOARD

Mrs. Olga Carson, Anchorage, term expiring 01/31/83

BOARD OF WELDING EXAMINERS

*Mr. Pete Millar, Anchorage, term expiring 12/16/84 ✓ L+M

BOARD OF PSYCHOLOGISTS & PSYCHOLOGICAL ASSOCIATE EXAMINERS

Dr. Paul Turner, Kenai, term expiring 07/01/82

In my letter of February 7, 1980, I submitted the two following names for confirmation. Please remove them from the list as one has resigned and one left the State.

BOARD OF PSYCHOLOGISTS & PSYCHOLOGICAL ASSOCIATE EXAMINERS

Mr. James C. Parsons, Anchorage, resigned

BOARD OF WELDING EXAMINERS

Mr. Tim Farrell, Fairbanks, left the State

Sincerely,

Jay S. Hammond
Governor

Enclosures
*Reappointed

THE FOLLOWING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

Synopsis of Resume of:

Permanent Address:

Telephone Number:

Peter A. Hillar

24 1/2 Colleen Circle
Anchorage, Alaska 99501

(907) 333-4016

JOB OBJECTIVE

Management position in Nondestructive Inspection, Welding Engineering, or Welding Inspection. Most interested in Quality Assurance. Background in Metallurgical Engineering.

EMPLOYMENT

May 1973 - Present Alaska Industrial X-ray, Inc.
8861 Golovin
Anchorage, Alaska 99507
Owner

August 1971 - 1975 Anchorage Community College
Welding Technology Department
200 Providence Avenue
Anchorage, Alaska 99504
Assistant Professor of Welding Technology

Nov. 1970 - Aug. 1971 Northwestern University
Materials Science Department
2145 Sheridan Road
Evanston, Illinois
Metallographer and Electron Microscoper

1968 - May 1970 Boeing Commercial Airplane Division
Box 707
Renton, Washington
Metallurgical Engineer

1967 - 1968 Chevrolet Gear & Axle & Forge
1800 Solbrook Avenue
Detroit, Michigan
Metallurgical Engineer

1965 - 1964 Griffin Wheel Company
Sacramento Boulevard
Chicago, Illinois
Assistant to Operations Engineer

EDUCATION

1965 - 1964 Michigan Technological University
Houghton, Michigan
Degree: B.S. Metallurgical Engineering

1961 - 1962 St. Olaf College
Northfield, Minnesota
Pre-Engineering

PERSONAL.

Born: February 22, 1942 - Heenan, Winco: in
 Appearance: Height - 5'10" Weight - 160
 Marital Status: Married, four children
 Health: Excellent; no physical limitations
 Hobbies: String, Racquet Ball, Golf, Bowling, Softball, Soccer
 Affiliations: American Welding Society
 Past Chairman - Alaska Chapter, 1976-1977
 Past Secretary - Alaska Chapter, 1975-1976
 American Society for Nondestructive Testing
 Past Chairman - Alaska Chapter, 1974-1975
 Past Vice-Chairman - Alaska Chapter, 1973-1974
 American Society of Metals
 American Society of Professional Engineers
 Professional Engineering Licenses,
 Washington State, August 1970
 State of Alaska, October 1974
 State of Alaska Board of Welding Examiners
 Board Member - January 1976 - Present
 Certifications: American Society of Nondestructive Testing
 Level III, Nationally Certified UT, RT, MT
 American Welding Society
 QC 1, Welding Inspector
 State of Alaska
 Welding Inspector

EMPLOYMENT BACKGROUND

May 1973 - Present

Alaska Industrial X-ray, Inc.

I established Alaska Industrial X-ray, Inc. in 1973 to provide industry in Alaska with Nondestructive Testing and Welding Inspection services within the State of Alaska. As President and Owner of AIX, Inc. I was responsible for all contracts, setting up SNT-TC1A programs, obtaining and maintaining our NRC, FAA and state licenses; coordinating and reviewing all field work. AIX completed contracts for construction inspection of petro-chemical plants, refinery expansion programs, pipeline construction, offshore platform construction and building construction. I acted as a SNT-TC1A Level III for the Department of the Interior through Mechanix Research, Inc. during construction of the Trans Alaska Pipeline. Since 1977 Alaska Industrial X-ray, Inc. has taken over the contract to provide Alyeska Pipeline Service Company with Nondestructive Inspection services from Prudhoe Bay to Valdez.

August 1971 - August 1975 Anchorage Community College

Employed as Assistant Professor by the University of Alaska, Anchorage Community College. Was responsible for initially establishing programs in

EMPLOYMENT BACKGROUND

August 1971 - August 1975 Anchorage Community College (continued)

Welding Metallurgy, Materials Science, Codes and Physical Tests, Nondestructive Inspection in a two year Welding Technology program. Also, I set up a welder and procedure qualification testing laboratory and metallurgical laboratory. In addition I taught courses in Shielded Metal Arc and Gas Metal Arc Welding.

Nov. 1970 - August 1971 Northwestern University

Employed in the Materials Science Department's Metallography and Scanning Electron Microscopy Laboratories. Responsible for instruction of metallographic and scanning electron microscopy techniques to graduate and undergraduate students.

1966 - May 1970 Boeing Commercial Airplane Division

Employed in the Boeing 707/727 Quality Control Metallurgical Laboratories as a Metallurgical Engineer. Responsible for Metallurgical analysis, radiographic, chemical and mechanical testing programs. Worked with welding qualification and braze qualification programs.

1964 - 1966 Chevrolet Gear & Axle & Forge

Employed at Chevrolet in Quality Control Laboratories. Conducted physical tests, metallographic analysis, x-ray and fluorescent magnetic particle analysis in accordance with blue print specifications and periodical vendor qualification reviews.

1963 - 1964 Griffin Wheel Company

Employed during summer months as assistant to Operations Engineer working on plant projects involving pressure casting steel train wheels.

REFERENCES - Available on request.

THE PRECEDING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

March 31, 1980

TO: Representative Vernon L. Hurlbert
FROM: Julia Carney, Secretary
Legislative Board of Retirement Benefits

Attached for your files is a copy of the Legislative Board of Retirement Benefits' recommendation report that was submitted to the Senate President and House Speaker. This report is a result of the Board's meeting of March 11-12, 1980.

March 27, 1980

TO: The Honorable Terry Gardiner
Speaker of the House

FROM: Legislative Board of Retirement Benefits
Attn. Julia Carney, Secretary
Rm. 301 Assembly Bldg. 586-2533

The Legislative Board of Retirement Benefits submits the enclosed recommendations and analysis of pending bills affecting state retirement systems. This report includes the following bills:

HB 50, HB 493, CSHB 537, HB 785, SB 371, SB 390, SB 414, SB 420.


Michael J. Murray, Chairman

Members:

Mr. Michael J. Murray
Dr. Stanley Knedlik
Dr. Merritt Olson
Mrs. Florence Barnhardt
Mr. James Slaybaugh
Mr. Bruce Cummings, Director
Division of Personnel
Mr. Paul Arnoldt, Director
Division of Retirement & Benefits

cc: All members of the House of Representatives

March 27, 1980

Legislative Board of Retirement Benefits analysis and recommendations on:

House Bill No. 50:

No fiscal note is available at this time; however, it is the general opinion of the board members that the fiscal impact is capable of being substantial.

Four members of the board recommend that HB 50 Do Not Pass; and three members recommend that the bill do pass.

March 27, 1980

Legislative Board of Retirement Benefits analysis and recommendations on:

House Bill No. 493:

The board endorses the attached fiscal note as its fiscal analysis of House Bill No. 493.

The members of the board unanimously recommend that HB 493 Do Not Pass; all members present and voting.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 493
 Title An Act Relating to Supplemental Retirement Income Under the Teachers' Retirement System
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Labor Services and elementary & Secondary Education
 BRU, Program, or Subprogram(s) Affected 02-50-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		86.8	92.9	99.4	106.4	113.8
200 TRAVEL		2.0	2.2	2.4	2.7	2.9
300 CONTRACTUAL		255.2	55.7	61.3	67.4	74.1
400 COMMODITIES		.6	.7	.8	.8	.9
500 EQUIPMENT		3.0	3.3	3.6	4.0	4.4
600 LAND & STRUCTURES						
700 STATE TRS MATCHING		581.3	639.4	703.4	773.7	851.1
100 BENEFITS		102.5	112.7	124.0	136.4	150.0
TOTAL		1,031.4	906.9	994.9	1,091.4	1,197.2

FUNDING (Thousands of Dollars)

GENERAL FUND		683.8	752.1	827.4	910.1	1,001.1
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS		347.6	154.8	167.5	181.3	196.1

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

1. Estimate 50% of the TRS membership will benefit under this plan.
2. Estimate FY 81 payroll affected by this bill is 1/2 of \$232,500,000 or \$116,250,000 (Total combined State Matching and district contribution rate is 1%.)
3. Estimate the TRS Covered Payroll will increase @ 10% annually.
4. Administrative costs per attachment.

IV. DATE 2/27/80 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Miller
 Office of the Governor (Keith Specking)

Paul B. Arnoldt cc *AS*

ATTACHMENT

Bill No. HB 493

ASSUMPTIONS:

1. Estimated FY81 Payroll (Total System) = \$115,250,000
2. State Contribution Rate to Fund Bill = .5%
3. State TRS Matching Rate to Fund Bill = .5%
4. School District Rate to Fund Bill = .5%

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>	<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Department of Education	\$ 2,000,000 X	.5%	\$ 10,000	To Their Budget
2. University of Alaska	\$ 18,500,000 X	.5%	\$ 92,500	To Their Budget
			<u>\$102,500</u>	
3. State TRS Matching	\$116,250,000 X	.5%	\$581,250	To TRS Match
4. State TRS Regular Budget:				
Personal Services - 7% inflation			\$ 86,802	To Personal Service
Travel			\$ 2,000	To Travel
Contractual			\$255,250	To Contractual
Commodities			\$ 600	To Commodities
Equipment			<u>\$ 3,000</u>	To Equipment

COST TO STATE IN FY81

\$1,031,402MEMO:

1. All School Districts \$ 95,750,000 X .5% \$478,750

TOTAL COST IN FY81

\$1,510,152REMARKS:

Contractual Services for FY81 includes 3 telephones @ \$250 = \$750. It also includes \$250,000 in data processing costs and \$4,500 for two mass mailouts. 10% inflation.

In FY82 operational and maintenance costs for D.P. are reduced to \$50,000.

Data processing figures are rough estimates and will be followed by firmer figures upon review by the Division of Data Processing.

1	POSITION TITLE Retirement and Benefit Specialist II			RANGE/STEP 16A	BARG. UNIT. G	LOCATION Juneau	GOV.	APPROV.	DISAP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	IP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG.	
3	TYPE OF EXPENDITURE			AMOUNT					
	1		2		3				
4	PERSONAL SERVICES:								
	SALARY \$2291/MO		27,492						
5	BENEFITS		4,165						
6	FICA		1,828						
7	HEALTH INS.		1,524						
8	TOTAL PERSONAL SERVICES			35,009					
9	TRAVEL			2,000					
10	CONTRACTUAL			250					
11	COMMODITIES			200					
12	EQUIPMENT			1,050					
13	OTHER								
14	TOTAL COST			38,509					
15	CODE	FUNDING SOURCE							
16		FED HCPTS.							
17		GEN FUND							
18		I-A HCPTS.							
19		PGM HCPTS TRS			38,509				
20		OTHER							
21	CONTINUATION								
22	ADDITION		FOR B&M USE ONLY						
4A	KEY NUMBER			COLUMN NO.					

JUSTIFICATION: This position is responsible for establishing regulations and administrative procedures to be used in the Optional Supplemental Retirement Income Plan. The Benefit Specialist II will counsel participants in the program on the features of the plan and will answer all correspondence that does not relate specifically to the accounts. This position will require three field trips to various locations of the State for counseling purposes.

AGENCY Administration PROGRAM AREA Labor Services - Elementary and Secondary Ed.

BRU Retirement and Benefits

FY 81

13 REQUEST FOR NEW POSITION.

COMPONENT TRS

Page 3 of 5

REVISED DATE _____

1	POSITION TITLE Accounting Technician I			RANGE/STEP 12B	BARG. UNIT. G	LOCATION Juneau	GOV.	APPROV.	(DISAP)
2	TYPE OF POSITION PFT	STAFF MONTHS 12	PP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.		

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES: SALARY 1842/III0	21,768
5	BENEFITS	3,298
6	FICA	1,448
7	HEALTH INS	1,524
8	TOTAL PERSONAL SERVICES	28,038
9	TRAVEL	
10	CONTRACTUAL	250
11	COMMODITIES	200
12	EQUIPMENT	1,050
13	OTHER	
14	TOTAL COS	29,538

JUSTIFICATION: This position will be needed if HB493 passes into law, to maintain the accounts of the supplemental participants. This person's duties will include balancing the new plans' accounts with the State accounting system, accomplishing research and answering correspondence on all account records. Annually, this position will audit the employee statements.

	CODE	FUNDING SOURCE
15		FED RCPTS.
16		GF MATCH.
17		GEN FUND
18		I-A RCPTS.
19		PGM RCPTS TRS
20		OTHER
		29,538

21	CONTINUATION	FOR B&M USE ONLY
22	ADDITION	
4A KEY NUMBER _____		COLUMN NO. _____

AGENCY Administration PROGRAM AREA Labor Services/Elementary and Secondary Ed.

ORU Retirement & Benefits

FY 81

13 REQUEST FOR NEW POSITION.

COMPONENT TRS

Page 4 of 5

REVISED DATE _____

1	POSITION TITLE Data Control Assistant			RANGE/STEP 9B	BARG. UNIT. G	LOCATION Juneau	APPROV. GOV	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	PIP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.	
3	TYPE OF EXPENDITURE			AMOUNT				
	1			2		3		
4	PERSONAL SERVICES: SALARY 1521/III			18,252				
5	BENEFITS			2,765				
6	FICA			1,214				
7	HEALTH INS			1,524				
8	TOTAL PERSONAL SERVICES			23,755				
9	TRAVEL							
10	CONTRACTUAL			250				
11	COMMODITIES			200				
12	EQUIPMENT			900				
13	OTHER							
14	TOTAL COST			25,105				
15	CODE	FUNDING SOURCE						
16		FED RCPTS						
17		GF MATCH						
18		GEN FUND						
19		E-A RCPTS						
20		FCM RCPTS TRS		25,105				
21	CONTINUATION							
22	ADDITION		FOR B&M USE ONLY					
4A KEY NUMBER _____ COLUMN NO. _____								

JUSTIFICATION: The responsibilities of the position include distribution of internal reports, processing documents for refunding of contribution, editing of all reports, specifically those that originate with the employer. This position will be responsible for the preparation of all data to be input into the computer system and will perform key entry duties, as well.

AGENCY Administration PROGRAM AREA Labor Services/Elementary and Secondary Ed.

BRU Retirement & Benefits

FY 81

13 REQUEST FOR NEW POSITION.

COMPONENT TRS

Page 5 of 5

REVISED DATE _____

March 27, 1980

Legislative Board of Retirement Benefits analysis and recommendations on:

CS for House Bill No. 537:

EXCLUDING Section 8 of CS House Bill No. 537, which deals with repealing o. the Legislative Board of Retirement Benefits, five members of the board recommend that the bill Do Pass; one member abstained from the vote; and one member was absent.

All members of the board take no position on Section 8 of the bill which proposes the abolishment of this Legislative Board of Retirement Benefits.

March 27, 1980

Legislative Board of Retirement Benefits analysis and recommendations on:

House Bill No. 785:

A majority of the members expressed reservations concerning the attached fiscal note of this bill. Three members had No Recommendation on the fiscal note; two members voted to endorse and accept the note; and two members were absent.

Four members of the board recommend that HB 785 Do Pass; one member recommends do not pass; and two members were absent.

The members who voted No Recommendation on the fiscal note felt that a bill involving such a substantial amount of money should have a second analysis. Variables are questionable, and they doubted the validity. Furthermore, the members did not agree on the projected rate of inflation.

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 785
 Title An act requiring annual adjustments to benefits under state retirement systems.
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Labor Services and Elementary & Secondary Education
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH)
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING		55,927.9	61,520.7	67,672.8	74,440.0	81,834.0
100 BENEFITS		9,862.5	10,848.7	11,933.6	13,127.0	14,439.7
TOTAL		65,790.4	72,369.4	79,606.4	87,567.0	96,323.7

FUNDING (Thousands of Dollars)

GENERAL FUND		65,790.4	72,369.4	79,606.4	87,567.0	96,323.7
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

1. Estimate long-term inflation rate of 8.5%.
2. An automatic PRPA with no ceiling will increase the contribution rate by 48.11% of covered payroll (the TRS contribution rate is split 50/50 between the state matching contribution and the district contribution).
3. Estimate FY81 TRS covered payroll @ \$232,500,000.
4. Estimate the TRS covered payrolls will increase at 10% annually.

IV. DATE 3/5/80 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Miller
 Office of the Governor (Keith Searbinn)

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 785
 Title An act requiring annual adjustments to benefits under state retirement system.
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Labor Services
 BRU, Program, or Subprogram(s) Affected 02-55-B-01-01-01 (PERS)
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS		159,946.0	195,940.6	1108,834.7	1119,718.1	131,689.9
TOTAL		89,946.0	92,940.6	102,834.7	119,718.1	131,689.9

FUNDING (Thousands of Dollars)

GENERAL FUND	173,665.3	161,032.4	39,135.6	98,049.2	107,954.1
FEDERAL FUNDS	4,137.5	4,551.3	5,006.4	5,507.0	5,057.7
VETERAN'S FUND	179.9	197.3	217.7	239.4	263.4
FISH & GAME FUND	539.7	523.7	653.0	718.3	790.2
HIGHWAY FUND	1,169.3	1,285.2	1,414.9	1,556.4	1,712.0
AIRPORT FUND	2,633.4	2,869.2	3,155.2	3,471.8	3,818.9
CAPITAL FUND	7,645.4	8,409.9	9,250.9	10,176.0	11,193.6
PERS					
TRS					

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

- III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
1. Estimate FY81 State covered payroll to be \$253,000,000.
 2. Increase in state contribution rate would be 34.20% of covered pay.
 3. Estimate future state payroll to increase 10% annually.
 4. Estimate long-term inflation rate of 3.5%.

IV. DATE 03/05/83 PREPARED BY *Paul P. Bennett*
 AGENCY Division of Retirement & Benefits
 PHONE 336-4350
 Original: Legislative Finance
 Budget and Management
 Prime Sponsor (First Legislator Named) Representative Miller
 Office of the Governor (Felon Booking)

March 27, 1980

Legislative Board of Retirement Benefits analysis and recommendations on:

Senate Bill No. 371:

Three members of the board had No Recommendation on the attached fiscal note; and two members voted to endorse and accept the note. Two members were absent.

Four members of the board recommend that SB 371 Do Pass; one member recommends do not pass; and there were two members absent.

Although the majority of the board members recommend that SB 371 Do Pass, they felt that because of the high cost of providing post-retirement pension adjustments, the bill should be amended to make these costs affordable. The board members feel that some of the methods which would accomplish this are: (1) increase employee contribution rate, (2) provide that automatic post-retirement pension adjustments begin only after the retiree reaches a certain age, and (3) lowering the maximum adjustment to less than seven percent.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 371
 Title An act amending the Teachers' Retirement System
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Labor Services and Elementary & Secondary Education
 BRU, Program, or Subprogram(s) Affected 01-96-8-01-01-02 (TRS) 02-11-6-02-01-00 (TRS MATCH)
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING		45,012.0	49,513.2	54,464.5	59,911.0	65,902.1
100 BENEFITS		7,937.6	8,731.4	9,604.5	10,564.9	11,621.1
TOTAL		52,949.6	58,244.6	64,069.0	70,475.9	77,523.2

FUNDING (Thousands of Dollars)

GENERAL FUND		52,949.6	58,244.6	64,069.0	70,475.9	77,523.2
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

1. A 7% PRPA will increase the TRS contribution rate by 33.72% of covered payroll (the TRS contribution rate is split 50/50 between the State matching contribution and the district contribution).
2. Estimate FY81 TRS covered payroll @ \$232,500,000.
3. Estimate the TRS covered payrolls will increase at 10% annually.

IV. DATE 02/25/80 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Sumner
 Office of the Governor (Keith Specking)

Paul B. Arnoldt *WA*
 QC

ATTACHMENT

Bill No. SB 371

ASSUMPTIONS:

- 1. Estimated FY80 Payroll (Total System) = \$232,500,000
- 2. State Contribution Rate to Fund Bill = 19.36%
- 3. State TRS Matching Rate to Fund Bill = 19.36%
- 4. School District Rate to Fund Bill = 19.36%

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>	<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Dept. of Education	\$ 4,000,000 x 19.36%		\$ 774,400	To Their Budget
2. University of Alaska	\$ 37,000,000 x 19.36%		\$ 7,163,200	To Their Budget
			<u>\$ 7,937,600</u>	
3. State TRS Matching	\$232,500,000 x 19.36%		\$45,012,000	To TRS Match
4. State TRS Regular Budget:				
Personal Services			\$ -0-	To Personal Svcs.
Travel			\$ -0-	To Travel
Contractual			\$ -0-	To Contractual
Commodities			\$ -0-	To Commodities
Equipment			<u>\$ -0-</u>	To Equipment
			<u>\$52,949,600</u>	

MEMO

- 1. All School Districts \$191,500,000 x 19.36% \$37,074,400
- TOTAL COST IN FY81 \$90,024,000

REMARKS:

March 27, 1980

Legislative Board of Retirement Benefits analysis and recommendations on:

Senate Bill No. 390:

Three members of the board had No Recommendation on the attached fiscal note; and two members voted to endorse and accept the note. Two members were absent.

Four members of the board recommend that SB 390 Do Pass; one member recommends do not pass; and there were two members absent.

Although the majority of the board members recommend that SB 390 Do Pass, they felt that because of the high cost of providing post-retirement pension adjustments, the bill should be amended to make these costs affordable. The board members feel that some of the methods which would accomplish this are: (1) increase employee contribution rate, (2) provide that automatic post-retirement pension adjustments begin only after the retiree reaches a certain age, and (3) lowering the maximum adjustment to less than seven percent.

I. REQUEST
 Bill/Resolution No. Senate Bill 390
 Title An act amending the teachers' Retirement System
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Labor Services and Elementary & Secondary Education
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH)
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMOLITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING		45,012.0	49,513.2	54,464.5	59,911.0	65,902.1
100 BENEFITS		7,937.6	8,731.4	9,604.5	10,564.9	11,521.4
TOTAL		52,949.6	58,244.6	64,069.0	70,475.9	77,523.5

FUNDING (Thousands of Dollars)

GENERAL FUND		52,949.6	58,244.6	64,069.0	70,475.9	77,523.5
FEDERAL FUNDS						
VETEPAN'S FUND						
FISH GAME FUND						
HIGH FUND						
AIRPL FUND						
CAPITAL F						
PERS						
TRS						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

1. A 7% PRPA will increase the TRS contribution rate by 38.72% of covered payroll (the TRS contribution rate is split 50/50 between the State matching contribution and the district contribution).
2. Estimate FY81 TRS covered payroll @ \$232,500,000.
3. Estimate the TRS covered payrolls will increase at 10% annually.

IV. DATE 02/25/80 PREPARED BY Paul B. Arnoldt Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Bradley
 Office of the Governor (Keith Specking)

I. REQUEST

Bill/Resolution No. Senate Bill 390
 Title An act amending the Teachers' Retirement System
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected LAOR Services and Elementary & Secondary Education
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH)
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING		45,012.0	49,513.2	54,464.5	59,911.0	65,902.1
100 BENEFITS		7,937.5	8,731.4	9,604.5	10,564.9	11,521.4
TOTAL		52,949.6	58,244.6	64,069.0	70,475.9	77,523.5

FUNDING (Thousands of Dollars)

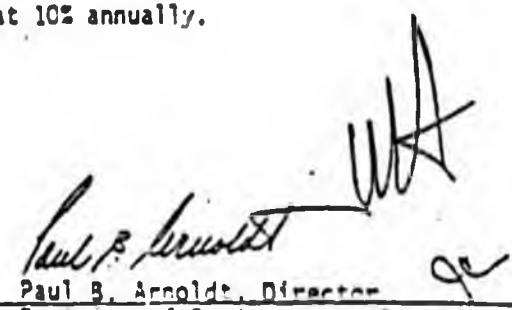
GENERAL FUND		52,949.6	58,244.6	64,069.0	70,475.9	77,523.5
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

1. A 7% PRPA will increase the TRS contribution rate by 38.72% of covered payroll (the TRS contribution rate is split 50/50 between the State matching contribution and the district contribution).
2. Estimate FY81 TRS covered payroll @ \$232,500,000.
3. Estimate the TRS covered payrolls will increase at 10% annually.


 Paul B. Arnoldt, Director
 Division of Retirement & Benefits

IV. DATE 02/25/80 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Bradley
 Office of the Governor (Keith Specking)

ATTACHMENT

Bill No. SB 390

ASSUMPTIONS:

1. Estimated FY80 Payroll (Total System) = \$232,500,000
2. State Contribution Rate to Fund Bill = 19.36%
3. State TRS Matching Rate to Fund Bill = 19.36%
4. School District Rate to Fund Bill = 19.36%

COST ANALYSIS:

<u>Employer</u>	<u>Payroll</u>	<u>Rate</u>	<u>Cost</u>	<u>Appropriation</u>
1. Dept. of Education	\$ 4,000,000	x 19.36%	\$ 774,400	To Their Budget
2. University of Alaska	\$ 37,000,000	x 19.36%	\$ 7,163,200	To Their Budget
			<u>\$ 7,937,600</u>	
3. State TRS Matching	\$232,500,000	x 19.36%	\$45,012,000	To TRS Match
4. State TRS Regular Budget:				
Personal Services			\$ -0-	To Personal Svcs.
Travel			\$ -0-	To Travel
Contractual			\$ -0-	To Contractual
Commodities			\$ -0-	To Commodities
Equipment			\$ -0-	To Equipment
			<u>\$52,949,600</u>	
COST TO STATE IN FY81				

MEMO

1. All School Districts \$191,500,000 x 19.36% \$37,074,400
- TOTAL COST IN FY81 \$90,024,000

REMARKS:

March 27, 1980

Legislative Board of Retirement Benefits analysis and recommendations on:

Senate Bill No. 414:

The members of the board unanimously endorse the attached fiscal note as its fiscal analysis of SB 414.

Three members of the board recommend that the bill Do Pass; three members recommend that SB 414 do not pass; and one member abstained from the vote.

I. REQUEST

Bill/Resolution No. Senate Bill 414
 Title An Act Authorizing Employees of the Alaska Federation of Teachers to participate in
 Requested by _____ Date _____ TRS.

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Labor Services and Elementary & Secondary Education
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-01-02 (TRS) 02-11-8-02-01-00 (TRS MATCH)
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING		2.5	2.8	3.1	3.4	3.7
100 BENEFITS						
TOTAL		2.5	2.8	3.1	3.4	3.7

FUNDING (Thousands of Dollars)

GENERAL FUND		2.5	2.8	3.1	3.4	3.7
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

1. Assume 1 paid member with no past service is eligible to participate.
2. Assume no new personnel are expected to become eligible to participate within the scope of this fiscal note.
3. Estimate cost @ 7.79% (state match) x \$32,400 (salary).
4. Estimate future payroll to increase 10% annually.

IV. DATE 2/20/80 PREPARED BY Paul B. Arnoldt
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Hohman
 Office of the Governor (Keith Specking)

March 27, 1980

Legislative Board of Retirement Benefits analysis and recommendations on:

Senate Bill No. 420:

No fiscal note is available at this time; however it is the general opinion of the board members that the fiscal impact will be minimal.

The board unanimously recommends that SB 420 Do Pass; all members present and voting

HOUSE LABOR & MANAGEMENT
COMMITTEE MEETING

TAPE: _____

DATE: _____

TIME CONVENED: _____

SUBJECT: HB. 65

MEMBERS PRESENT:

Hayes
Miller
Burleworth
Kranon
Rogers

MEMBERS ABSENT:

TESTIFYING:

Men Zentale - Deputy Commission
Report to the Natl. Am. Program
Chevak Kodiak 2 yrs ago approved
rehab facilities. job - integration
local communication, transport - Region 10
225 job Corp jobs - 500 people per year.

BILLS PASSED OUT:

Location (1) Wilburood (2) Post A/Century facility
How many people qualify - vocational training
facility. viability - State alterations 16 to 21. Trade

TIME OF ADJOURNMENT:

W. Harwood's idea of statistics
As a contractor - send people down
local job service office

300 jobs - 2000 center
recruiter -

Post.

Rep. Malone -
ship people out of state - closer to home.

Chivak - won't work

Inflat of job corp.

Joe Hayes - issues resolution

Testimony

Glen Lendale - Deputy Commissioner

Respond. Natni Am. Brogr

Chr. at Kodak 2 yrs ago - approved

rehab facilities

job Corp - in operation

back communication, transport.

Region 10

225 job Corp jobs. 500 people per year.

Location - ① Wildwood - County, Costody -

② Cost - Allentown facility 1st yr lease.

How many people qualify. Vocational training facility
Usability: State alt. institutions - 16 to 21 - Diade

Marvellous idea if statistics showed feasible

300 job Corp centers

recruiter →

AFN - Contractor
Send people down
Local job service office

Hugo
Miller
Bettsworth
Braun
Royer

Rep. Malone - Ship people out of state. Closer to home.

Chwick - won't work

Support of job Corp -

for - moves resolution -

A NARRATIVE ON SENATE BILL 1

by

Senator George H. Holman, Jr., Chairman
Legislative Council

January 1980

Dear Alaskan:

The following report explains the Senate proposed legislation regarding utilization and management of the Permanent Fund and the Renewable Resources Development Fund. Some key points of the Senate legislation are:

REDUCE BUREAUCRACY

PROVIDE GREATER CONTROL

MAXIMIZE BENEFITS TO ALASKANS

OPTIMAL PROGRAM ACCOUNTABILITY

LOWER HOUSING COSTS

CONTRIBUTE TO LOWER COST OF LIVING

FINANCIAL DEVELOPMENT FOR
RENEWABLE RESOURCES

SECURE PERMANENT FUND MONIES
WITH HIGH GRADE INVESTMENT

Please feel free to submit any comments you may have regarding this bill to;

Senator George H. Hohman, Jr., Chairman
Legislative Council
Pouch V
Juneau, Alaska 99811

Sincerely,

Senator George H. Hohman, Jr., Chairman
Legislative Council

TABLE OF CONTENTS

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Chart: 1978 State Loan Programs	15
Chart: Senate Proposed Alaska Loan Program	16
Diagram: Alaska Loan Program	17
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INTRODUCTION

In November 1976, Alaskan voters approved a constitutional amendment which provides that at least 25% of certain non-renewable resources revenues be placed in a permanent fund. The amendment requires that the money be used for income-producing investments designated eligible by the legislature. Unless the legislature otherwise stipulates, earnings from the permanent fund will go to the state's general fund.

Because of the impact of the permanent fund on Alaskans, various opinion polls have been conducted to assess public sentiment about state needs and priorities, with emphasis on the structure, management and use of the permanent fund (Dittman for the Senate Committee on the Permanent Fund, Dec., 1977, Rowan Group Report for the Office of the Governor, July, 1977; the Alask Public Forum Report, March, 1977, and Rowan D-2 Poll, 1978).

In addition to using data generated by public hearings and public opinion polls, the Senate Committee on the Permanent Fund sent questionnaires to individuals in rural Alaska and the Alaska State Chamber of Commerce members for their input regarding permanent fund usage. From the responses received from both the questionnaires and the poll tabulations, various priorities surfaced. Many individuals feel there is a shortage of capital available for lending to business venture and for purchase and construction of housing. Development of renewable resources (including agriculture, timber, and fishing) is a high priority. Community development also received support. At the same time, the respondents strongly urged that the permanent fund principal be invested in hi-grade guaranteed securities, thus maintaining the integrity of the fund for future generations.

The 1977 Senate Committee on the Permanent Fund, chaired by Senator George Hohman, had submitted legislation designed to address the expressed concerns of Alaskan citizens. The committee's legislation proposes to invest 100% of the permanent fund principal in hi-grade securities and use the earnings as a guarantee for issuing revenue bonds. The proceeds of the bonds, plus lapsed balances of the general fund will be used to fund the Alaska Loan Programs Fund, which would concurrently expand the loan programs and consolidate the activities of existing state loan programs into one comprehensive agency. The legislation also developed a plan for usage of the Renewable Resources Development Fund, however the House's program of a separate corporation prevailed in 1978. The following report will address the Alaska Loan Programs Fund, and the investment and management of the permanent fund. The Renewable Resources Development Corporation is not covered. There is also a section dealing with the Senate proposed Reserve for Capital Outlay Accounts which would be used to finance non-recurring expenditures - - a key to meeting the development needs in the communities where the renewable resources exist.

MANAGEMENT OF THE PERMANENT FUND

Lombard-Wall, Inc., a New York management consultant firm, was assigned the task of making recommendations concerning the management of investment assets of the permanent fund. Lombard-Wall's senior Vice President, Mr. Fred Branditz, came to Alaska specifically to Treasury in order to evaluate the role that group might play in managing the permanent fund principal. In a 1977 report presented to the 1977 Senate Committee on the Permanent Fund, Lombard-Wall recommended the permanent fund be managed and invested by the Division of Treasury for the following

reasons:

- 1) The expertise already exists within the infrastructure for most, if not all, the activities currently contemplated for the permanent fund. The Treasury Division in 1977 administered \$1/2 billion of fixed income securities for the general fund and an additional \$1/2 billion for 7 segregated funds.
- 2) Employing an entirely new staff to manage the permanent fund would present many difficulties and risks.
- 3) The combined resources of the permanent fund, the general fund and the pension funds will create a pool of assets sufficient to employ specialized, sophisticated investment techniques to a degree none would afford individually. Thus all areas will benefit from combined management.
- 4) The revenues accruing to the permanent fund derive from taxes and belong to all of the citizens of Alaska. Therefore, no conflict of interest can result from their management by an existing state agency.
- 5) Accounting techniques currently exist for allocating cost among the various funds.

The Lombard-Wall report also includes an analysis of the capabilities of the Division of Treasury. The report concluded that there is efficiency in management of funds currently assigned to Treasury and that the staff, in particular, appears capable of assuming greater responsibility. Branditz also recommends that the Treasury be reorganized to include delegation of line and staff duties, creation of several new positions, and improvement of certain support functions in order to maximize earnings from the larger pool of assets anticipated.

In addition to the study undertaken by Lombard-Wall, letters received from the Treasury Divisions in other states indicate that

placement of all state funds in the State Treasury is sound public policy.

In accordance with the above recommendations, the 1977 Senate Committee on the Permanent Fund has proposed a reorganization of Treasury to assure a program of sound investment policy, continuity and accountability to the legislative branch of government. SB #1 provides that a Division of Treasury would be created by statute, and headed by a director. The director's position would be non-political with minimum statutory qualifications. The director would be solely accountable for investment policy and management of the general fund, the permanent fund, and all other state funds. Additionally, he would be responsible for the organization and staffing of the Treasury Division.

The proposed legislation specifies those areas authorized for permanent fund investment. Primarily, it limits investment in corporate obligations to those with an 'A' or better rating, and allows only those securities which are federally insured. It may also be invested in Alaska bank certificates of deposit which are secured as to the payment of principal and interest in accordance with Alaska law.

In order to keep the Executive and Legislative branches informed, the Legislative Budget and Audit Committee would provide an annual report regarding the investment activity of the Division of Treasury to the legislature. The legislature may exercise its law-making power to statutorily change the authorized investments allowable in Treasury should the Budget and Audit report reveal a need for such revision. Additionally, investment policy shall be proposed to the legislature during the first ten days of any regular session and only becomes

effective 60 days after presentation unless disapproved by a resolution concurred in by a majority of the members of each house.

RATIONALE FOR ESTABLISHMENT OF THE ALASKA LOAN PROGRAM

Since statehood, the Alaskan legislature has created fifteen loan programs and ten independent corporations to meet the capital needs of various groups or to enhance development of certain industries within the State. Generally, these target groups were unable to obtain adequate financing (either loan dollar amounts, interest rates, or loans of sufficient duration), from private financial institutions within or outside Alaska. The loan programs were not created to compete with private lenders, in fact, bank participation was a requirement of one loan program prior to the administrative directive requiring 25% bond participation in 1979. Rather, as a matter of public policy the loan programs were conceived to provide funds for Alaskan ventures at terms banks could not (i.e. long term money) or would not (i.e. higher levels of risk) capitalize. Most of the loan programs are administered by the Department of Commerce and Economic Development, exceptions being the Agricultural Revolving Loan Fund (Department of Natural Resources); the Scholarship Revolving Loan Fund (Department of Education); and the Senior Citizens Housing Loan Fund (Department of Community and Regional Affairs). The independent corporations - Alaska Housing Finance Corporation, the Alask Power Authority, the Alaska Development Corporation, the Small Business Development Corporation, the Municipal Bond Bank, the Industrial Development Authority, Alask Pipeline Authority; Alaska Medical Facility Authority; Alaska Commercial Fishing and Agriculture Board and the Renewable Resources Corporation, are not within the direct purview of any state agency.

The history of the loan programs and independent corporations is somewhat dismal. Once created, these programs often fail to (1) remain operational; (2) comply with legislative intent; (3) operate in an efficient manner; (4) be known to the general population; and (5) come under legislative scrutiny in a timely and regular manner. In addition, there is little standardization among the programs with regard to eligibility criteria, interest rates and terms, and maximum loan amounts.

Two of the independent corporations, the Alaska Development Corporation and the Small Business Development Corporation, are no longer engaged in lending activity. The Alaska Power Authority, created in 1976 was still in the organizational phase in 1977, and the Industrial Development Authority, created in 1967, had become operational only as a result of amendments passed during the 1977 session expanding its authorized areas of activity -- just finances a selected few applicants.

Failure to comply with legislative intent is illustrated by the Alaska Housing Finance Corporation, established in 1971 to meet the mortgage needs of low and moderate income Alaskans in blighted or remote areas of the state where normal bank financing for home purchases is difficult to obtain. AHFC issues its own bonds for lending capital; there is a yearly legislative appropriation for the necessary reserve requirements that such an issue entails. However, AHFC does not come under the Executive Budget Act, and its operations come under legislative scrutiny only when performance audits are done by the Legislative Budget and Audit Committee at three year intervals, (AS 24.20.271(2)). An investigation by the Office of Ombudsman conducted in July, 1977

while not a formal audit, brought to light the facts that AHFC has promulgated no administrative procedures and had made loan policy changes without benefit of required public hearings beforehand. These facts were also noted in an audit performed by the Division of Legislative Audit, dated November 11, 1977, and released in February, 1978. The Ombudsman also stated that information concerning the policy changes had been selectively distributed to the state's financial institutions.

AHFC's 1977 lending activity was distributed on a ratio of 90% urban, 10% rural counter to the corporation's statutory mandate that loan activity shall be concentrated in "remote, underdeveloped or blighted areas", (AS 18.56.010). Although, AHFC has developed a loan program for rural home improvements or building material loans, according to the November 15 audit, (Division of Legislative Audit), the program had received no publicity in 1978. Repeated advance of general fund monies and legislative efforts have failed to result in an effort devoted to the basic legislative intent.

Taken as a whole, internal operation of the various loan programs can be neither damned nor praised. There are instances of good management, very poor management, and the entire spectrum is between. As of 1977, delinquency rates in the loan programs vary from 33% (Agricultural Revolving Loan Fund) to 2% (Veteran's Revolving Loan Fund). Subsequent reports indicate the Veteran delinquent rates were substantially higher. Characteristic of all loan programs is that loan granting, record keeping and collection functions occur within the same division. While an inherently sound practice for private financial institutions, whose goal

goal is maximization of profit, within the bureaucracy of state government inattention to accounting and collection aspects have worked against the best interest of the state, both in loss of return on investment and diminished public confidence in the program. Recommendations issued by the Legislative Budget and Audit Committee after performance audits are almost exclusively in the areas of record keeping (accounting) and collection.

In 1977 the administrative costs for the state loan programs were in excess of \$2 million per year; both the Legislative Budget and Audit Committee and the Director of Business Loans have indicated that economics of scale, efficiencies of operations, and more equal opportunity for loan applicants would probably result were the state loan programs to be consolidated and/or streamlined in some manner.

The initial legislation proposed by the Senate Committee on the Permanent Fund in 1977 would have dissolved all the existing loan programs and independent corporations now in operation. In their place would be created the Alaska Loan Programs Fund, which would lend in all areas now served by these entities. Subsequent events provided the testimony in support of this comprehensive approach.

The lending arm of the Alaska Loan Programs Fund would be a division in the Department of Commerce and Economic Development, with field offices initially established in Anchorage, Fairbanks and Juneau; others will be opened as volume dictates. These offices will provide, in addition to information about the Alaska Loan Program, information concerning state and federal grant programs, and federal and private sources of loans.

Provisions are made in the legislation for individuals and corporations to engage in borrowing through the Alaska Loan Program in cooperation or participation with the private financial institution of their choice.

The scope of activity includes; 1) educational loans, 2) commercial loans with a maximum of \$500,000 per individual and \$5 million maximum for no more than 10 individuals in a project, or a corporation where no more than 10 individuals owning stock assume a personal liability for fisherman, farmers and business purposes in general; 3) residential loans ranging from \$90,000 (Cost of Leasing Index 1978) for a single residence to \$210,000 for a 4-plex; 5) special categories previously covered in existing law; 6) public purpose loans where the Alaska Loan Program will submit a bid for all GO and revenue bonds offered on a competitive basis by a home rule borough or city or general law borough or city under the laws of the state, loans to municipalities of less than 5,000 population through purchase of municipal bonds, industrial development projects conducting exempt activities under Federal law, and revenue bonds issued on behalf of a non-profit corporation with approval of the municipality.

The interest rate charged for loans will be standardized, and depending on the cost of the revenue bonds issued, which was projected at the 7% range in 1978, but may be between 7.5% and 8% in 1980. In the event that a reduction in the basic interest rate is deemed desirable, as for veteran's or educational loans, the difference in interest rates charged to the borrower and that paid to the Alaska Loan Programs Fund would be paid on a yearly basis from the general fund.

The present renewable resource corporation could tie into the Alaska Loan Program by working hand in hand with the Alaska Loan Program, performing feasibility studies on renewable resource project loans, and participating in one or more of three ways: 1) interest incentives; 2) equity participation; and 3) loan guarantees. They may also make grants for eligible projects with legislative approval.

Eligibility criterial will also be standardized, the main requirements for individuals being Alaska residency of five years duration and 18 years of age or older, (An exemption for college students is provided). For loans to corporate entities, more than 60% of its co-owner -- shareholders must be Alaska residents for five years or more at the time of application, and the officers of the corporation must assume individual liability for the loan's repayment.

Length of experience will determine the maximum commercial loan amounts once basic eligibility criteria have been met. Percentages of the maximum amount available for borrowing will be reduced if the applicant has less than 5 years experience in the area of loan application.

Maximum loan amounts have, in most cases, been increased to more realistically reflect current costs of living, building, or doing business in the state. Additionally, a cost differential formula has been added to the maximum loan amounts to reflect higher costs incurred in rural areas.

Collateral requirements for commercial and real estate loans will be no less than 90% of the real property held as security, and no less than 80% of equipment held as security -- isolated over 95% for residential housing.

Should a loan become delinquent in excess of 30 days, a loan evaluation committee shall review the loan and consider re-evaluation of its terms and conditions, provided the loan can be restructured in such a way as to protect the interests of the state.

Accounting for the Alaska Loan Programs Fund will be performed by the Department of Administration. Reports will be made by the Departments of Commerce and Revenue to the Legislative Budget and Audit Committee on a monthly basis itemizing loans which are in excess of 30 days delinquent, and outlining the measures taken to insure compliance with conditions and terms of the loan.

Within the Department of Revenue, a division will be created to assume the collection function for all loans made by the Fund. Reports of collection efforts will be made to the Budget and Audit Committee.

The Budget and Audit Committee should do a quarterly review of the performance and status of the lending, accounting and collection procedures of the three agencies involved and will present their findings and recommendations to the legislature for review and action.

FUNDING OF THE ALASKA LOAN PROGRAMS FUND

In the 1977 study primary funding for the Alaska Loan Program would come from proceeds of revenue bonds. Revenue bonds are tax-exempt under Federal law, resulting in lower interest costs to the borrower. There would, however, be no limit on the amount lendable for public purpose loans - those to local government units, public utilities, hospitals, etc. If \$100 million of public purpose bonds are issued then 25 million of bonds could be issued for business purposes -- to include residential housing if the Congress repeals this category.

However, the Governor proposed in 1979 15% of oil and gas receipts go to the program in lieu of 100% interest from the Permanent Fund. Thus the majority of funds initially will be other than bonds.

Because of the low bond interest to the Loan Program, loans can be made to Alaskans at an interest below market rate; the cost of money to the Loan Program plus a 1% service fee for administrative costs of loan processing. Additionally, this type of funding would place no budgetary limits on the amount of money available for lending in any of the loan categories, if in the future there is a drastic decline in oil and gas receipts. Repayment of the bonds would come strictly from repayment of borrowers of the Alaska Loan Program. Following is a brief description of the Alaska Loan Programs Fund and organization of the reserve accounts to be established:

- 1) Alaska Loan Programs Fund - All bond proceeds except those designated in 2) of this section to be placed in this fund.

- 2) Debt Reserve Account - For the purpose of securing each issue of its obligations, the Alaska Loan Programs Fund will pay into this account the maximum amount permissible under Federal law and regulations for tax-exempt obligations. All money in this account may be used when required, when money is not available from the principal and interest account or the capital reserve account solely for the payment of the principal of obligations, the purchase or redemption of obligations, the payment of interest on obligations, or the payment of any redemption premium required to be paid when those obligations are redeemed before maturity. Any interest or income from this account and any amount remaining in the debt service reserve account when the issue secured by the account is fully retired shall be paid to the unallocated reserve account.

3) Allocated Reserve Account - General Fund, for the purpose of securing obligations of the Alaska Loan Program Bonds. It consists of 50% of the income of the Permanent Fund. The purpose here is to provide for better ratings on the bonds which in turn would lower interest costs. These funds transferred into various reserves described below.

4) Unallocated Reserve Account - General Fund. This fund consists of all available cash at the end of a fiscal year after \$100 million. This account provides security for the bonds plus provides funds for the Alaska Loan Program.

5) Comprehensive Loan Program - General Fund, consists of 15% oil and gas receipts. This adds to the Loan Program and security for bonds.

6) Capital Reserve Account - The Commissioner of Revenue shall place an amount equal to 5% of all obligations issued and sold into this account. At the end of each fiscal year, the Commissioner will withdraw or add to the account that amount necessary to maintain the 5% of the obligations secured. Excess funds will be returned to the unallocated reserve account. All money in this account may be used as required for the payment of bond obligation principal, the purchase or redemption of obligations, the payment of interest on obligations, or the payment of any redemption premium required should obligations, be redeemed before maturity. This again adds security for the bonds in raising bond ratings to lower interest costs.

7) Fire Insurance and Liability Reserve Account - The Alaska Loan Program may issue loans without requiring proof of insurance if an additional amount of .6% is made by the borrower. The account shall only be used for reimbursement to the Loan Programs Fund for losses of property not having the insurance coverage.

8) Loss Reserve Account - A special account is established for the purpose of protecting the financial integrity of the fund. The Commissioner of Revenue shall pay into this account an amount equal to 5% of the estimated total amount of all loans to be made by the fund during the first fiscal year of operation. At the first of each succeeding fiscal year and thereafter, an amount necessary to bring the balance of the amount up to 5% of the total amount of loans to be outstanding during the fiscal year shall be paid into the account. The 1% loan service fee, (the difference between state cost of borrowing and cost to borrower), will also be placed in this account and used to reimburse the unallocated reserve account. Thus federal or private mortgage insurance fees are not necessary.

1978 State Loan Programs and Independent Corporations

Lending Agency	Eligibility	Interest	Terms	Amount
Agricultural Loan Fund	AK resident farmer, homesteader or part-			
Short Term	ner of same	6.0%	1 yr	\$ 25,000
Farm Development	2 - 3 years experience	6.0%	30 yr	200,000
Chattel		6.0%	7 yr	100,000
Irrigation		4.0%	10 yr	no max
AK State Development Corp (presently inactive)		legal rt	20 yr	750,000
Child Care Loan Fund	Certificate of need (CRA) required	6.0%	10 yr	10,000
Commercial Fishing Loan	5 yr AK resident; 3 yr license	7.0%	15 yr	150,000
Fisheries Enhancement	For non-profit hatchery permit holder	8.0%	25 yr	300,000
	For non-profit corporation	8.0%	25 yr	3,000,000
Small Business Dev. Corp.	Through Local Development Corp with/SBA	7.0%	25 yr	
Small Business Loan Fund	AK resident; less than 50 employees	8.0%	5-15 yr	300,000
Student Financial Aid	AK resident; full time	5.0%	6-10 yr	5,000
	graduate	5.0%	6-10 yr	2,500
	undergraduate			
Tourism Loan Fund	Requires bank participation for loans exceeding \$150,000	8.0%	20 yr	3,000,000
Veterans Loan Fund	AK Veteran; Veteran residing 5 years in state; 6 yr Nat'l Guard			
Personal		7.5%	20-30 yr	10,000
Business		7.5%	same	125,000
Vet occupied duplex		7.5%	same	83,250
Single family		7.5%	same	68,250
Multiple dwelling		7.5%	same	110,000
Water Resources Loan Fund	Public utilities	5.0%	7 yr	
Senior Citizens Dev. Fund	Municipalities and corporations		None Specified	
AK Housing Finance Corp.				
Conventional				
Single family	Owner occupants; home improvment loans	7.75%	30 yr	65,000
Duplex	only in rural Alaska	7.75%	same	90,000
FHA/VA Insured				
Single family		7.50%	same	65,000
Duplex		7.50%	same	90,000
Home Improvement		9.50%	15 yr	15,000
Historical Loan Fund	Person, firm, or municipality	6.5%		100,000
AK Industrial Dev. Authority	Industrial development projects with approval of local governmental unit		Through Bond Issue	
Municipal Bond Bank	Municipalities		Through Bond Issue	
AK Power Authority	Not yet operational			

SENATE PROPOSED ALASKA LOAN PROGRAM

STANDARD ELIGIBILITY: Five year Alaskan resident
Eighteen years of age or older, (Except college students)

STANDARD INTERESTS: No more than 1% plus the cost of borrowing to the ALP

INTEREST INCENTIVES: Agricultural loans - standard interest less 1%
Veterans loans - standard interest less 1% (State costs)

TERMS: 30 yr. on loan secured by real property
15 yr. on life of equipment on loans secured by equipment
7 yr. or life of chattel on loans secured by chattel
1 yr. on a loan for working capital

<u>Category</u>	<u>Description</u>
Educational	1) Individual enrolled in full-time college, work study, or vocational program 2) \$4,000 per year for under-graduate; \$8,000 for graduate 3) \$16,000 maximum outstanding allowable
Residential	Consumer Price Index Anchorage 1978 1) \$90,000 for single dwelling \$130,000 for duplex \$170,000 for tri-plex \$210,000 for four-plex 2) Collateral requirements: 90% appraised value of real property 95% in areas lacking FHA mortgages
Commercial	Consumer Price Index Anchorage 1978 1) \$500,000 maximum per individual \$5 million for group of no more than 10 individuals in project or corporation where 10 individuals owning stock assume liability 2) Collateral requirements: 80% appraised value of equipment 90% appraised value of real property
Public Purpose	1) ALP will submit bid for all G.O. and revenue bonds offered on a competitive basis by home rule or general law borough or city 2) Loans to municipalities with population under 5,000 through purchase of municipal bonds 3) Industrial development projects conducting exempt activities under federal law 4) Issue of revenue bonds on behalf of a non-profit corporation with the approval of the municipality in which it is located

ALASKA LOAN PROGRAM

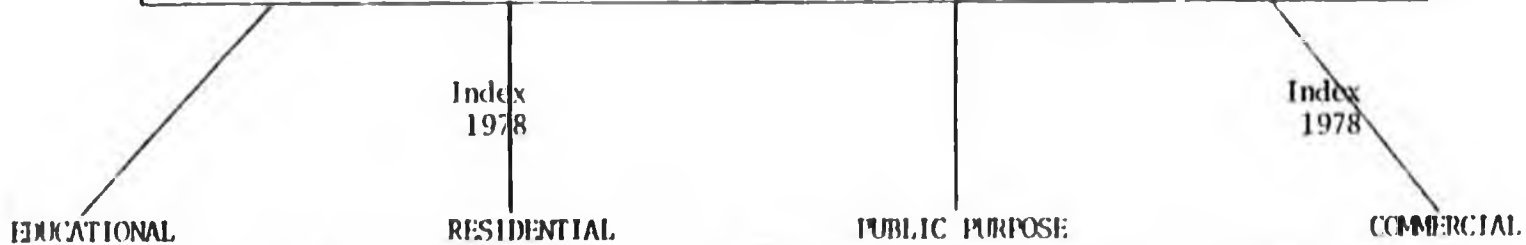
ELIGIBILITY: 5 yr. Alaska resident, minimum 18 yrs. of age

INTEREST: Cost of borrowing to ALP plus 1½ service fee

TERMS: 30 yr. on loan secured by real property
 15 yr. on life of equipment on loans secured by equipment
 7 yr. or life of chattel on loans secured by chattel
 1 yr. on a loan for working capital

COLLATERAL: 80% appraised value of equipment
 90% appraised value of real property
 95% for residential where FHA mortgage not available

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EDUCATIONAL	RESIDENTIAL	PUBLIC PURPOSE	COMMERCIAL
\$4,000 per yr/undergraduate 8,000 per yr/graduate 16,000 maximum outstanding	\$ 90,000 single dwelling 130,000 duplex 170,000 triplex 210,000 fourplex	Eligible Entities Boroughs and cities Municipalities Industrial development projects Non-profit corporations	\$500,000 max per individual \$5 million max per group or corporation assuming individual liability

ORGANIZATIONAL CHARTS

The following Organizational Charts A through D have been prepared by the Senate Special Committee on the Permanent Fund.

Organizational Chart A

For existing state agencies

Organizational Chart B

For Senate Bill 1, The Senate Special Committee on the Permanent Fund 1978

Organizational Chart C

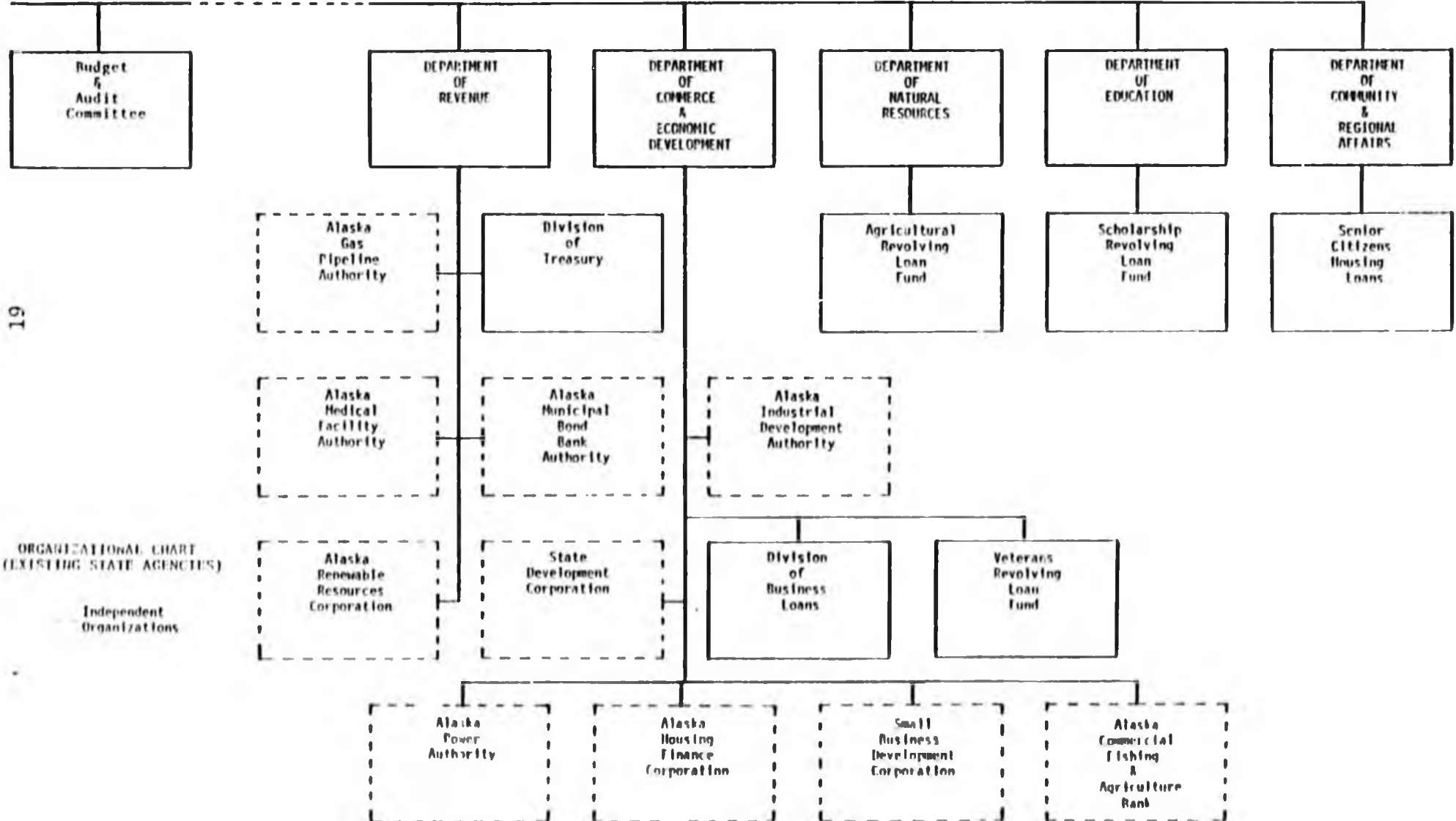
Organizational and flow chart of the permanent fund, renewable resources development fund and the general fund.

Organizational Chart D

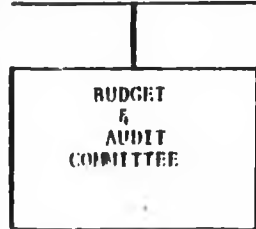
Organizational and flow chart of the permanent fund, renewable resources development fund and the general fund - Senate Interim Committee Proposed Legislation - 1978 Program

LEGISLATIVE
BRANCH

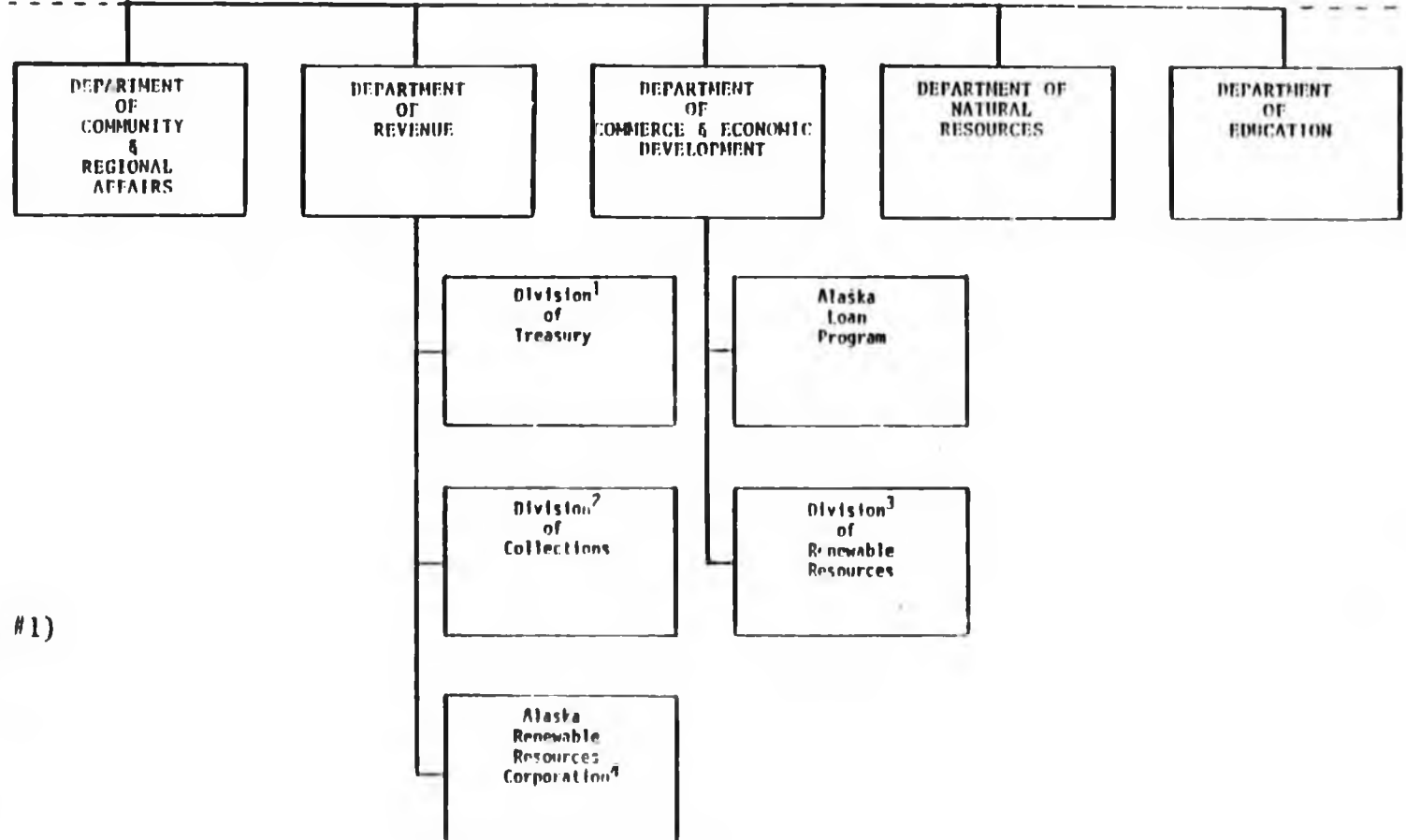
EXECUTIVE
BRANCH



LEGISLATIVE BRANCH



EXECUTIVE BRANCH



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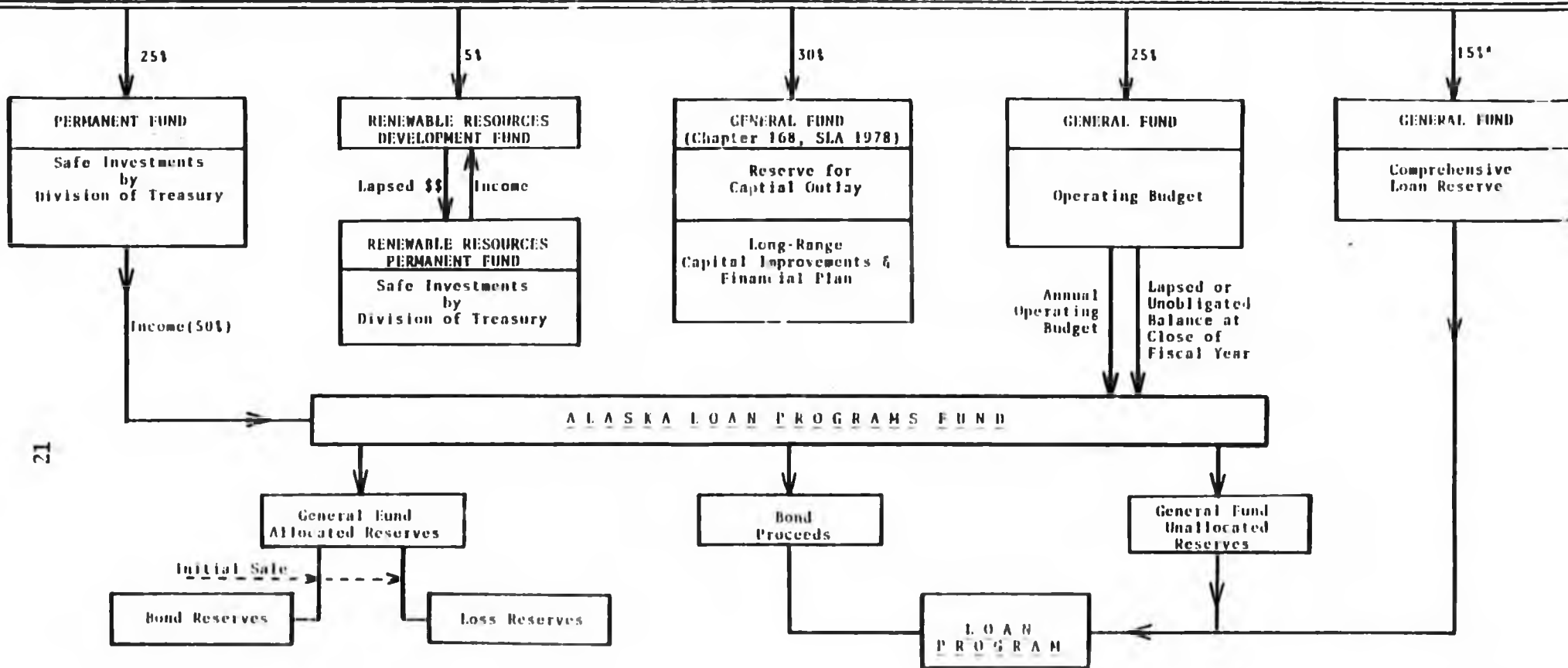
ORGANIZATION CHART (SENATE BILL 429) (SB #1)

SENATE COMMITTEE ON THE PERMANENT FUND

- 1 Manages all state funds including permanent fund
- 2 Collection agency for Alaska Loan Program
- 1 Provides equity participation or interest incentives through the Alaska Loan Program
- 4 Sunset Law June 30, 1982---activities should be assumed by Dept of Commerce & Economic Development

LEGISLATIVE COUNCIL STUDY--POSSIBLE 1980 PROGRAM

100% MINERAL RECEIPTS



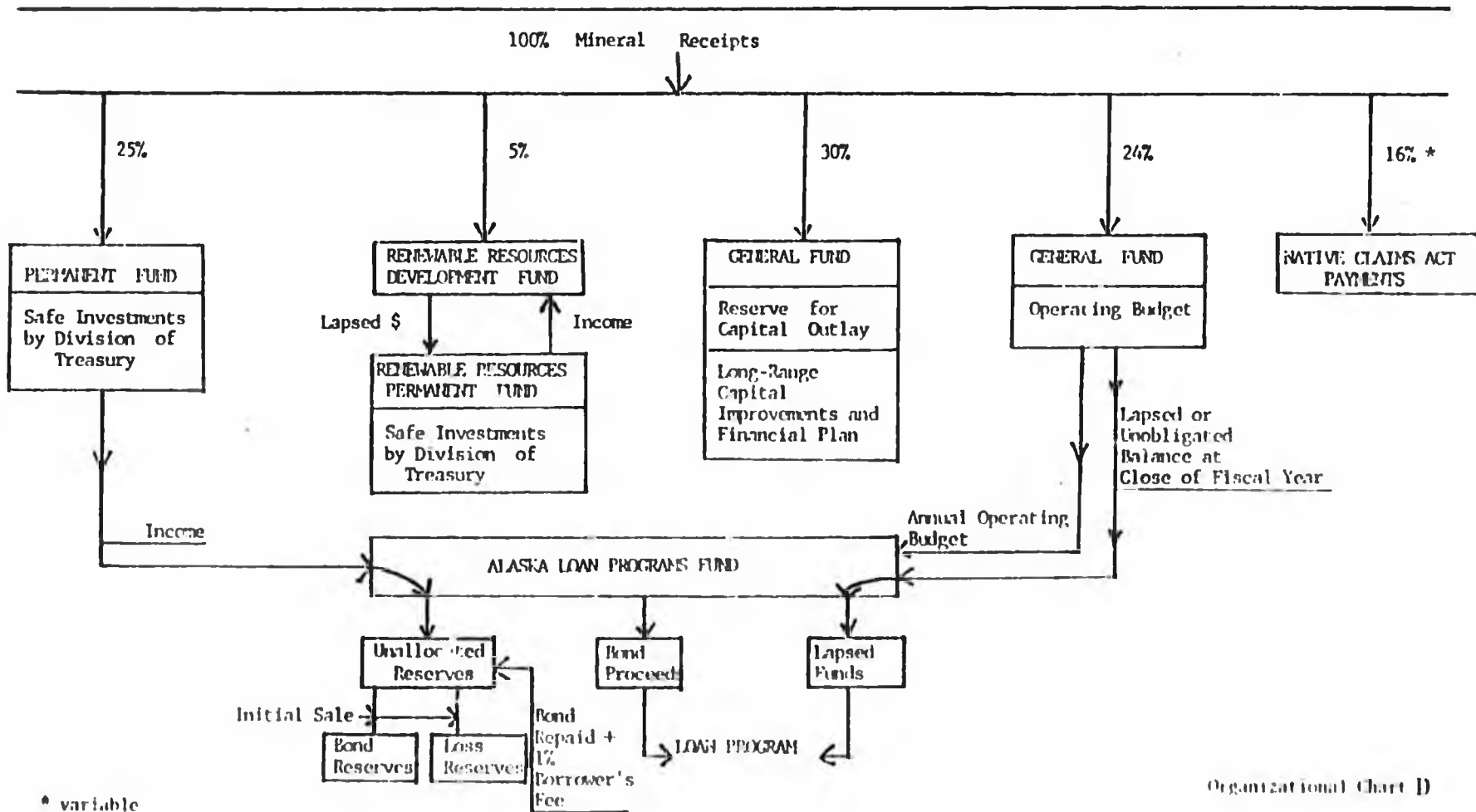
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Organizational Chart C

*Based on ANCSA repayment projections

Future needs of Alaska's citizens can be met from the savings accounts within the Alaska Loan Program, which are all unallocated reserves (income from Permanent Fund) and unallocated reserve subaccount (General Fund contribution account). Projections indicate that in eight to ten years the oil & gas receipts will deteriorate. The bond program will be ready then to assume more of a position in the Alaska Loan Program.

SENATE INTERIM COMMITTEE PROPOSED LEGISLATION - 1978 Program



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* variable

Organizational Chart D

Future needs of Alaska's citizens can be met from the savings accounts within the Alaska Loan Program, which are: all unallocated reserves (income from Permanent Fund), unallocated reserve subaccount (General Fund contribution account).

COMPARATIVE SAMPLES

The following Samples A through D have been prepared by the Senate Special Committee on the Permanent Fund - 1978 Interest Level.

Sample A

A Comparative Sample of Available Residential Loans and the Senate Proposed Alaska Loan Program in Urban Alaska - 1978 Interest Level.

Sample B

A Comparative Sample of Available Residential Loans and the Senate Proposed Alaska Loan Program in Rural Alaska - 1978 Interest Level.

Sample C

A Comparative Sample of Available Home Improvement Loans and the Senate Proposed Alaska Loan Program - 1978 Interest Level.

Sample D

A Comparative Sample of Available Business Loans and the Senate Proposed Alaska Loan Program - 1978 Interest Level.

Sample E

A Comparative Sample of Available Loans and the Senate Proposed Alaska Loan Program in Rural Alaska - August 1979.

Sample F

A Comparative Sample of Available Residential Loans and the Senate Proposed Alaska Loan Program in Urban Alaska - August 1979.

A Comparative Sample of Available Residential Loans
And the Senate Proposed Alaska Loan Program
In Urban Alaska
1978 Interest Level

TERM: 30 year loan

SAMPLE: \$50,000 home

Lending Agency	Downpayment ¹	Interest	Monthly Pymts	Insurance ²	Total Cost
Federal National Mortgage Association	\$ 5,000	9.5%	\$ 378.39	\$ 7,500.00	\$ 148,720.40
State Veterans Loan Program	5,000	7.5%	314.65	7,500.00	125,774.00
Federal Housing Authority	1,500	8.5%	372.93	7,500.00	143,254.80
Alaska Housing Finance Corporation	5,000	7.75%	322.39	7,500.00	128,560.40
State Banks ³ (not available; pro forma only)	5,000	9.2%	368.21	7,500.00	145,055.60
Alaska Loan Program	5,000	7.0%	299.39	6,699.60	119,480.00
Veteran Incentive	5,000	6.0%	269.80	6,192.00	108,320.00

¹ All the programs have a 10% downpayment with the exception of the Federal Housing Authority which requires 3%.

² Insurance fees are computed at a .5% of the value of the home over a 30 year period and are approximate averages only. The Alaska Loan Program insurance fee is based on an optional .6% added to the 7% interest cost and covers the mortgage only.

³ Interest quoted is taken from bank questionnaires received by the Senate Committee on the Permanent Fund

A Comparative Sample of Available Residential Loans
And the Senate Proposed Alaska Loan Program
In Rural Alaska
1978 Interest Level

TERM: 30 year loan

SAMPLE: \$50,000 home

Lending Agency	Downpayment ¹	Interest	Monthly Pymts	Insurance ²	Total Cost
Federal National Mortgage Association	\$ 5,000.	9.5%	\$ 378.39	\$ 30,000.00	\$ 171,220.40
State Veterans Loan Program	5,000	7.5%	314.65	30,000.00	148,274.00
Federal Housing Authority	1,500	8.5%	372.93	30,000 00	165,754.80
Alaska Housing Finance Corporation	5,000	7.75%	322.39	30,000.00	151,060.40
State Banks ³ (not available; pro forma only)	5,000	9.6%	381.69	30,000.00	172,408.40
Farmer's Home Administration	NONE	8.0%	366.89	30,000.00	162,080.40
Alaska Loan Program	2,500	7.0%	316.02	6,832.80	123,100.00
Veteran Incentive	2,500	6.0%	284.79	6,555.60	111,580.00

¹ All the programs have 10% down with the exception of Farmer's Home (none); FHA (3%); and the Alaska Loan Program (5% for most of rural Alaska).

² Insurance fees are computed at a 2% of value of the home over a 30 year period and is a low estimate. The Alaska Loan Program insurance fee is based on an optional .6% added to the 7% interest costs and covers the mortgage only.

³ Interest quoted is taken from bank questionnaires received by the Senate Committee on the the Permanent Fund

A Comparative Sample of Available Home Improvement Loans
And the Senate Proposed Alaska Loan Program
1978 Interest Level

TERM: 15 years

SAMPLE: \$10,000 Home Improvement Loan

Lending Agency	Interest	Monthly Payments	Total Cost
Farmer's Home (Rural AK only)	8.0%	\$ 95.57	\$ 17,202.60
AK Housing Finance Corporation (Rural AK only)	9.5%	104.43	18,717.40
State Bank ¹ (not readily available; pro forma only)	9.6%	105.04	18,907.20 (Rural)
	9.2%	102.63	18,473.40 (Urban)
Alaska Loan Program	7.0%	89.89	16,180.20
Veterans Incentive	6.0%	81.39	15,190.20

¹ Interest quoted is taken from bank questionnaire responses received by the Senate Committee on the Permanent Fund

A Comparative Sample of Available Business Loans
And the Senate Proposed Alaska Loan Program
1978 Interest Levels

TERM: 15 years

SAMPLE: \$125,000 business loan
(no equipment costs)

Lending Agency	Value Limitation	Interest	Monthly Payments	Total Cost	
Small Business Administration	90%	9.5%	\$ 1,305.30	\$ 234,954.00	
Bank (pro forma only)	75%	9.5%	1,305.30	234,954.00	URBAN
	75%	9.8%	1,306.50	235,170.00	RURAL
Small Business Loan Fund (State)	75%	8.0%	1,194.60	215,028.00	
State Veterans Loan Fund	75%	7.5%	1,158.80	208,584.00	
Alaska Loan Program	90%	7.0%	1,123.60	202,248.00	
Veterans Incentive	90%	6.0%	1,054.90	189,882.00	

The actual maximum loan amounts for each program listed as follows:

SBA guarantees	None given
Bank	Varies statewide
Small Business (state)	\$ 300,000
Alaska Loan Program	\$ 500,000 per individual
	\$ 5 million for group of 10 individuals per project

A Comparative Sample of Available Residential Loans
And the Senate Proposed Alaska Loan Program
In Rural Alaska

TERM: 30 year loan

SAMPLE: \$50,000 home

LENDING AGENCY	DOWNPAYMENT ¹	INTEREST	MONTHLY PAYMENTS	INSURANCE ²	TOTAL COST
Federal National Mortgage Assoc. (1979)	\$5,000 (2,500)	9.5% (11.6%)	\$378.39 (\$474.02)	\$30,000.00 (same)	\$171,220.40 (\$203,145.75)
State Veterans Loan Program (1979 - no change)	5,000	7.5%	314.65	30,000.00	148,274.00
Federal Housing Authority (1979)	1,500 (1,750)	8.5% (10.0%)	372.93 (423.43)	30,000.00 (same)	165,754.80 (\$184,184.18)
Alaska Housing Finance Corp. (1979)	5,000 (2,500)	7.75% (8.75%)	322.39 (373.68)	30,000.00 (same)	151,060.40 (167,024.80)
State Banks ³ (not available; pro forma only) (1979)	5,000 (2,500)	9.6% (11.6%)	381.69 (474.02)	30,000.00 (same)	172,408.40 (203,145.75)
Farmer's Home Administration (1979 no subsidy) (1979 subsidized)	NONE	8.0% (9.0%) (1.0%)	366.89 (402.31) (160.82)	30,000.00 (same) (same)	162,080.40 (174,832.07) (87,895.13)
Alaska Loan Program	2,500	7.0%	316.02	6,832.80	123,100.00
Veteran Incentive	2,500	6.0%	284.79	6,555.60	111,580.00
Juneau Borough Program ⁴		8.65%			
5% down	2,500		370.31	7,500	144,356.20
10% down	5,000		350.82	7,500	139,795.20
15% down	7,500		331.33	7,500	135,228.80
Jefferson Parish ⁵	2,500	7.625%	336.20	7,500	131,657.73
State of Alaska Retirement Investment Fund (Dept. of Revenue)	5,000	11.5%	445.63	7,500	172,927.21

1. All the programs have 10% down with the exception of Farmer's Home (none); FHA (3%); and the Alaska Loan Program (5% for most of rural Alaska).

2. Insurance fees are computed at a 2% of value of the home over a 30 year period and is a low estimate. The Alaska Loan Program insurance fee is based on an optional .6% added to the 7% interest costs and covers the mortgage only.

3. Interest quoted is taken from bank questionnaires received by the Senate Committee on the Permanent Fund.

4. Originator's fee of 1% plus commitment fee of 1% plus \$100 underwriter's fee and fees for required insurance (includes mortgage insurance and hazard insurance) are all included in total cost column.

5. Originator's fee of 1% plus commitment fee of .25% plus fees for required insurance (includes mortgage insurance and hazard insurance) are all included in total cost column.

A Comparative Sample of Available Residential Loans
And the Senate Proposed Alaska Loan Program
In Urban Alaska

TERM: 30 year loan

SAMPLE: \$50,000 home

LENDING AGENCY	DOWNPAYMENT ¹	INTEREST	MONTHLY PAYMENTS	INSURANCE ²	TOTAL COST
Federal National Mortgage Assoc. (1979)	\$5,000 (\$2,500)	9.5% (11.6%)	\$378.39 (\$474.02)	\$7,500.00 (same)	\$148,720.40 (\$180,645.75)
State Veterans Loan Program (1979) - no change	5,000	7.5%	314.65	7,500.00	125,774.00
Federal Housing Authority (1979)	1,500 (1,750)	8.5% (10.0%)	2.93 (423.43)	7,500.00 (same)	143,254.80 (161,684.18)
Alaska Housing Finance Corp. (1979)	5,000 (2,500)	7.75% (8.75%)	322.39 (373.68)	7,500.00 (same)	128,560.40 (144,524.80)
State Banks ³ (not available; pro forma only) (1979)	5,000 (2,500)	9.2% (11.6%)	368.21 (474.02)	7,500.00 (same)	145,056.60 (180,645.75)
Alaska Loan Program	5,000	7.0%	299.39	6,699.60	119,480.00
Veteran Incentive	5,000	6.0%	269.80	6,192.00	108,320.00
Juneau Borough Program ⁴		8.65%			
5% down	2,500		370.31	7,500	144,356.20
10% down	5,000		350.82	7,500	139,795.20
15% down	7,500		331.33	7,500	135,228.80
Jefferson Parish ⁵	2,500	7.625%	336.20	7,500	131,657.73
State of Alaska Retirement Investment Fund (Dept. of Revenue)	5,000	11.5%	445.63	7,500	172,927.21

1. All the programs have a 10% downpayment with the exception of the Federal Housing Authority which requires 3%.

2. Insurance fees are computed at a .5% of the value of the home over a 30 year period and are appropriate averages only. The Alaska Loan Program insurance fee is based on an optional .5% added to the 7% interest cost and covers the mortgage only.

3. Interest quoted is taken from bank questionnaires received by the Senate Committee on the Permanent Fund.
4. Originator's fee of 1% plus commitment fee of 1% plus \$100 underwriter's fee and fees for required insurance (includes mortgage insurance and hazard insurance) are all included in total cost column.
5. Originator's fee of 1% plus commitment fee of .25% plus fees for required insurance (includes mortgage insurance and hazard insurance) are all included in total cost column.