

ALASKA LEGISLATURE COMMITTEE FILES 1901-1902 8672

1238 HCRA HB 706 - HB 746 / 113

HB 706
 WAITING LIST
 by Community, by Month,
 by # families, # child and total \$

Table II
 Page 2 of 2

F - Families
 C - Children

Community	Feb		March		April		May		F	June C	Total \$
	F	C	F	C	F	C	F	C			
Seward	12	15	17	22	22	36	27	43	32	50	38,000
Sitka	---	---	---	---	---	---	---	---	---	---	---
Soldotna	---	---	---	---	---	---	---	---	---	---	---
Tyonek	---	---	---	---	---	---	---	---	---	---	---
Wasilla	---	---	---	---	---	---	---	---	---	---	---
Wrangell	---	---	---	---	---	---	---	---	---	---	---
Total	449	607	492	724	648	981	786	1185	946	1433	1,127,720

* These figures exclude funds from other sources being used to reduce waiting lists.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HR 706
 Title An Act making supplemental appropriation... for the day care assistance program.
 Requested by House Community & Regional Affairs Comm Date 2-9-82

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
 Program Category Affected Social Services
 BRU, Program, Or Subprogram(s) Affected Child Assistance
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	863.6	1,000.0	1,120.0	1,254.0	1,405.0	1,574.0
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						
	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						
	-0-	-0-	-0-	-0-	-0-	-0-

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

HR 706 appropriates \$1,300.0 to the Day Care Assistance program. The department projects that \$863.5 could be spent in the current fiscal year. The dollar amount needed for FY 83 is above and beyond the Governor's FY 83 budget request of \$5,228.3. Projections for FY 84 and beyond are based on 9% inflation and 3% program growth.

The projected need for FY 83 and beyond assumes that participants brought into the program under this supplemental appropriation would be continued in future program years.

IV. DATE 2-9-82 PREPARED BY Ms. Lars'
 AGENCY Community & Regional Affairs
 Original: Legislative Finance PHONE 264-2201
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 463-3991

February 18, 1982

MEMORANDUM

TO: Representative Brian Rogers

FROM: Susan Brody, Cecily Stern and Felicity Watt
Research Staff

RE: Day Care
Research Request 81-207

SEP 3 1982

John Hartle of your staff requested that we provide current information on the availability and funding of day care services in the state. Specifically, he asked us to research the following topics.

- the availability of day care around the state;
- the current financial condition of day care centers;
- the availability of the Department of Community and Regional Affairs' Day Care Assistance Program;
- the impact of the new Child Care Grant Program on day care centers.

We used three information sources in collecting data to respond to this request: interviews with Ms. Lare of the Department of Community and Regional Affairs; interviews with municipal administrators of day care programs in ten Alaskan communities selected as a representative sample for the state; and interviews with directors of licensed day care centers in each of these ten communities.

Data collected from interviews with day care center directors served as the basis for our response to the questions on the availability of day care in the state, current financial condition of day care centers, and the impact of the new Child Care grant Program on day care centers. Ms. Lare, director of both the Child Care Grant Program and the Day Care Assistance Program for the Department of Community and Regional Affairs supplied information on these two programs. Telephone interviews with municipal administrators of day care programs furnished additional information on the availability of the day care assistance program.

SUMMARY OF FINDINGS

Availability of Day Care in Alaska

- There are 30 communities statewide which have licensed day care facilities. The total licensed capacity of the state's 110 day care centers is 4,905. The 344 day care homes have a total licensed capacity of 1,602.
- Of the 33 centers sampled by the House Research Agency in ten communities 16 centers (48%) were full to capacity, 12 of which had waiting lists. Another 17 centers (52% of our sample) had space available.
- Availability of day care may depend in part on the age of the child. Infant care appears to be less readily available than day care for children two years and older.

Day Care Assistance Program (DCAP)

- Currently, 425 of the 454 licensed day care facilities in the state participate in DCAP.
- The budget for DCAP grew from \$3,123,199 in FY 81 to \$4,055,320 in FY 82. Roughly \$155,000 of that increase has been used to initiate new programs in six communities. The remainder of the increase has been used to serve additional families in those communities already participating.
- Families at the lowest income level, below \$1,075/month (adjusted income), receive 100% payment of their day care costs through DCAP. Seventy-four percent (827) of the families receiving assistance were at the 100% subsidy level in December of 1981.
- Nine of the 22 communities participating in DCAP have committed their funding allotments through the fiscal year, and can only add new families if other families drop out of the program or move. These nine communities are: Anchorage, Bethel, Cordova, Fairbanks, Fort Greely, Juneau, Kenai, Nome and Petersburg. Juneau and Kenai have overcommitted their funds to the extent that they have had to discuss the possibility of dropping families from the program or reducing the level of benefits.

- The following waiting lists for day care assistance payments are currently being maintained by six of the communities sampled by the House Research Agency:

Anchorage --400 families
Bethel -- 6 families
Fairbanks -- 90 families
Juneau -- 20 families
Ketchikan -- 39 families
Petersburg-- 4 families

Financial Conditions of Day Care Centers

- Of the 33 day care centers interviewed, 27 had raised their rates during the 1981 calendar year. Twenty (63%) of the centers charged more than \$12/day for children two to six years old. None of the centers charged less than this rate for children.
- Of the 26 centers sampled which offer infant care, six (23%) charge more than \$16/day and 14 (54%) charge less than this amount.
- Twenty-one (66%) of the 33 centers sampled are currently operating under a deficit or recorded a deficit for three or more months during the 1981 calendar year. Monthly operating costs exceed monthly income by \$1,000 to \$5,000 for most centers with deficits.
- Day care center operators listed the following factors as ongoing problems:
 - high operating costs
 - high staffing costs
 - attendance losses
 - occasional nonpayment by clients
- Day care centers are also experiencing special financial problems due to cuts in the federally-funded Federal Food and CETA programs.

Child Care Grant Program

- Under the Child Care Grant Program, day care facilities are eligible to receive \$25/month per average full-time equivalent child enrolled at the facility.
- As of January 1982, a total of 65 centers and 73 homes from 17 Alaskan communities were participating in the program.

Representative Rogers
February 18, 1982
Page 4

- Funds allocated to the Child Care Grant Program in FY 82 totalled about \$1.5 million. Anchorage facilities were receiving approximately 56% of the total funds dispersed as of January 1982.
- Amounts of money received by participating centers ranged from \$300/month to \$4,000/month depending on the size of the center.
- The day care centers sampled applied Child Care Grant Program funds to two or more of five major uses:
 - staff salaries
 - staff training
 - food
 - equipment
 - supplies

AVAILABILITY OF DAY CARE IN ALASKA

It is necessary to consider how availability of day care can be measured before determining the extent of availability of day care in Alaska. A measure of the supply of day care services versus demand for day care would be the best determination of availability. Day care is supplied by full-time baby-sitters, unlicensed facilities, and state licensed day care homes and centers. We have no good way of measuring the number of children receiving day care from baby-sitters or at unlicensed facilities, or the number of baby-sitters and unlicensed facilities in the state. Our information on supply is limited to State-licensed day care homes and centers.

The Department of Health and Social Services licenses day care homes and centers for the state. According to the department's computer printout, run at the end of December 1981, there are 30 communities statewide which have licensed day care facilities. The total licensed capacity of the state's 110 day care centers is 4,905. The 344 day care homes have a total licensed capacity of 1,602. Table 1 lists by community the numbers and licensed capacities of day care centers and homes. Conversations with municipal administrators of the State Day Care Assistance Program and with the State Program director, Ms. Lare, indicate that the numbers on the Department of Health and Social Services printouts are not completely up to date. However, they are sufficiently accurate to provide an indication of the number of licensed spaces available in each community.

Due to the restricted time available to conduct this study, it was not possible to survey all licensed homes and centers in all Day Care Assistance Program communities statewide. Instead, we decided to selectively interview a sample of day care centers in ten communities. These communities included both urban and rural population centers and were geographically distributed across the state. Within the ten communities, we sampled 33 centers of different sizes, and made an effort to include centers serving both infants and children. Centers in Anchorage, Fairbanks and Juneau were selected on the basis of geographic distribution as well. At least one center was chosen from each Anchorage election district. Our sample of 33 centers represents about 30 percent of all licensed day care centers in Alaska.

We designed a questionnaire to be administered by telephone to day care center directors. Our questions addressed the total licensed capacity of the center, number of full-time equivalent children at the center, number of spaces available for additional children, and number of children on waiting lists. The number of names on the centers' waiting lists was our best means of determining demand for day care. Since our information on day care in Alaska is limited concerning both supply and demand, we cannot give a comprehensive response to the question of availability.

TABLE 1
 NUMBER AND CAPACITY OF LICENSED
 DAY CARE CENTERS AND HOMES BY COMMUNITY

<u>Community</u>	<u>Day Care Centers</u>	<u>Capacity</u>	<u>Day Care Homes</u>	<u>Capacity</u>	<u>Total Capacity</u>
Anchorage	39	2,368	153	715	3,083
Anderson	1	N/A	--	--	N/A
Arctic Village	1	45	--	--	45
Bethel	2	74	--	--	74
Copper Center	1	29	--	--	29
Cordova	2	50	1	6	56
Delta Junction	1	49	--	--	49
Dillingham	--	--	1	6	6
Eielson AFB	--	--	13	62	62
Fairbanks	19	730	67	285	1,015
Fort Greely	1	45	--	--	45
Haines	1	20	--	--	20
Homer	1	20	1	6	26
Juneau	11	436	42	212	648
Kenai	4	155	--	--	155
Ketchikan	3	87	21	127	214
Kodiak	4	154	10	31	185
Kotzebue	1	34	--	--	34
McGrath	1	23	--	--	23
Metlakatla	1	35	--	--	35
Nome	1	40	2	4	44
Palmer	1	44	3	19	63
Petersburg	1	40	2	10	50
Seward	1	30	3	14	44
Sitka	4	118	18	76	194
Soldotna	1	43	--	--	43
Tyonek	1	10	--	--	10
Valdez	1	24	--	--	24
Wasilla	3	107	6	29	136
Wrangell	2	95	1	N/A	95
TOTAL	110	4,905	344	1,602	6,507

N/A--not available

Source: Department of Health and Social Services

Table 2 presents our findings concerning the availability of space in the centers we sampled. Seventeen of the 33 centers, or 52 per cent, had space available. The total number of additional children for whom day care could be provided by these 17 centers was about 200. Sixteen centers were full to capacity; of these, 12 had waiting lists. One Anchorage center had a waiting list of 200. The other centers' lists ranged from two to 40 children's names. Several center directors stated that the number of children on their waiting lists was not an accurate representation of the number of children awaiting placement in the day care center since parents do not always notify the center when their children are successfully placed elsewhere. The remaining four centers which were full to capacity receive telephone inquiries, but do not keep waiting lists. When a space becomes available at one of these centers, it is filled by the next telephone call received.

Availability of day care may depend in part on the age of the child concerned. Two of the center directors stated that their centers formerly accepted infants but do so no longer due to the extra costs of infant care. In addition, directors of two of the centers which currently have infant care programs are considering discontinuing these programs due to expense. The primary reason cited for the high cost of infant care is the increased amount which must be paid in salaries due to the higher staff/child ratio for infants (one caregiver for every five infants). This is double the requirement for children two to six years old.

Many center directors found a correlation between loss of enrollment in their day care centers and loss of employment in their communities. Carol Card, former director of The Nest day care center in Ketchikan, attributed that center's increase in number of spaces available to the removal of children from the center when both lumber mills closed down. People could no longer afford to pay for day care while they were out of work.

Our research findings indicate that spaces are available in licensed day care centers in most Alaskan communities. However, it is incorrect to assume that all parents needing day care have it available to them, since availability of day care can increase as ability to pay for day care decreases.

TABLE 2
 AVAILABILITY OF SPACE IN A SELECTED SAMPLE OF DAY CARE
 CENTERS IN ALASKAN COMMUNITIES

<u>Communit</u> y	<u>Center</u>	<u># of Spaces Available for Add'l Children</u>	<u># on Waiting List</u>	
Anchorage	Anchorage Child Care & Education Center	25-30	--	
	Bayshore Learning Center	--	40	
	Butterfly Child Center	--	*	
	Kee's Kiddie Kare	8-9	--	
	Little Red School House	1	--	
	Midtown Child Care	20	--	
	Nanny's Place	--	20	
	Park Strip Day Care	30	--	
	Saakaaya Child Care Center	10	--	
	Spenard Kiddy Drop	30	--	
	Tanaina Child Care Center	--	200	
Bethel	Wesleyan Church Child Care	--	*	
	Bethel Day Care Center	--	*	
Fairbanks	Discovery Center	--	*	
	Enep'ut Children's Center	--	*	
	Hutchinson Day Care Center	--	*	
	Love & Care Child Center	5-6	--	
	New Life Day Care Center	10	--	
	Play and Learn	--	20	
	Wee Care Day Care	--	30	
	Juneau	Children's Community	--	*
		Gingerbread House	--	*
		Noah's Ark Day Care	10-12	--
St. Ann Day Care & Nursery		--	20	
Kenai	Wee Cottage	5-6	--	
	Aurora Heights Kiddie Korner	15	--	
Ketchikan	Rainbow Connection	5	--	
	The Nest	5	--	
Kodiak	Small World Toddler Center	2	--	
	Small World Inc.	--	3	
Nome	Nome Child Care Inc.	--	2-5	
Sitka	Sitka Day Care Annex	--	15	
Wasilla	Wasilla House	10	--	

*Kept no waiting list

Source: House Research Agency, 2/18/82

THE DAY CARE ASSISTANCE PROGRAM (DCAP)

The State day care assistance program was established in 1975 to provide day care services to parents who are either working or attending school. The program helps defer costs of day care when these may be a factor preventing parents or guardians from being self-supporting. During the last session AS 44.33.255(1) was amended to include moderate income families as well as low income families. In addition, the statute was amended to read that the families participating in DCAP can do so on the basis that they are actively seeking work, through the assistance of the program. Another change in the last session was the addition of grant monies administered by the Department of Community and Regional Affairs, for the purpose of defraying some of the administrative costs incurred by municipalities in the DCAP.

Administration

The administration of DCAP is carried out by the Division of Local Government Assistance in the Department of Community and Regional Affairs. The State contracts with municipalities who administer the program at the local level. Subsidy grants are awarded to communities who then allocate the money to day care providers on behalf of those families receiving subsidies. The grant funds can only be awarded to day care facilities that are licensed by the State Department of Health and Social Services. Currently 425 of the 454 licensed day care facilities in the state participate in DCAP.

Program funds are allocated to municipalities based upon the number of licensed day care spaces within the community as a percentage of the total number of day care spaces statewide.

The following table shows the communities and facilities (centers and homes) participating in the DCAP, the number of families served and the total allocation for FY 82. The table also lists the FY 81 allocation. Only the program dollars used to purchase child care are listed. For FY 82, administrative dollars are an additional 10% of each municipality's allocation.

TABLE 3
 PARTICIPATION IN THE DAY CARE ASSISTANCE PROGRAM

Community	Facilities as of Dec'81		Families served as of Dec'81	Children served as of Dec'81	Total Allocations	
	Centers	Homes			FY 82	FY 81
Anchorage	39	134	504	703	\$2,085,827	\$1,755,138
Anderson	1	--	1	1	17,053	14,616
Bethel	2	--	21	29	49,737	42,630
Cordova	2	--	15	17	29,132	21,315
Delta Junction	1	--	12	19	36,948	24,969
Fairbanks	20	79	164	249	602,529	453,705
Fort Greely	1	--	--	--	31,564	27,405
Juneau	11	42	133	188	402,871	332,514
Kenai	3	--	18	30	87,395	78,551
Ketchikan	3	27	39	57	148,501	80,997
Kodiak	4	10	51	71	149,992	132,762
Kotzebue	1	--	8	7	24,158	15,225
McGrath	1	--	--	--	9,533	--
Metlakatla	1	--	14	17	21,316	--
Nome	1	--	18	24	24,869	18,270
Petersburg	1	2	13	20	35,527	30,450
Seward	1	3	12	17	21,316	--
Sitka	4	18	29	38	105,158	60,291
Soldotna	2	--	5	7	30,553	--
Tyonek	--	--	--	--	7,105	--
Wasilla	3	5	16	25	67,500	54,651
Wrangell	2	1	17	32	65,369	--
TOTALS	104	321	1,090	1,551	\$4,055,320	\$3,123,449

Source: Department of Community and Regional Affairs

Budget

The budget for the Day Care Assistance Program grew from \$3,123,499 in FY 81 to \$4,055,320 in FY 82. Roughly \$155,192 of that \$1 million increase has been used to initiate the program in six communities which began participating in DCAP in the first quarter of FY 82. The newly enrolled communities in FY 82 were Metlakatla, McGrath, Seward, Soldotna, Tyonek, and Wrangell.

According to Ms. Lare of the Department of Community and Regional Affairs, Palmer, Noorvik, Copper Center, Mer and Valdez have applied to participate next year. That fact, in addition to the inability of current funding to fully assist all eligible low and moderate income families this year, has prompted the request for an FY 83 budget increase to \$5,228,300.

Nine of the 22 communities participating in DCAP have committed their entire allotment for the fiscal year, and can only add new families if other families drop out of DCAP or move. Those nine communities are Anchorage, Bethel, Cordova, Fairbanks, Fort Greely, Juneau, Kenai, Nome, and Petersburg. In the cases of Juneau and Kenai, the funds are actually over-committed to the extent that those communities have had to discuss the possibility of dropping families from the program or reducing the benefits across the board.

Ms. Lare explained that when each of the communities has received its DCAP subsidy grant the municipal administrator generally divides the money into twelve allotments. That procedure fixes a ceiling to each month's expenditure. There are communities which having done that, have committed their entire amount for the year, and will only be able to add new families from their waiting lists if others drop out of DCAP or move.

In our telephone interviews with ten of the municipal administrators of DCAP, we derived the following information about DCAP funding:

- As of July all of the Day Care Assistance Funds were committed in Fairbanks where they are now maintaining a waiting list of 90 families.
- Anchorage has a waiting list of 400 families for the Day Care Assistance Funds. All of Anchorage's funds are committed with almost one half of the monies spent by the end of December.
- Juneau has a waiting list for Day Care Assistance funds which was begun in November and currently contains 20 families.
- Sitka, which has 30 - 35 families receiving Day Care Assistance now, does not have all of its funds committed.

- While all of Nome's Day Care Assistance funds are committed, there is not a waiting list there.
- Petersburg has a waiting list of four families for the Day Care Assistance funds.
- Ketchikan has a waiting list of 39 families for the DCAP.
- Kodiak did have to create a waiting list for DCAP for one month, but currently they are able to accommodate their applicants.
- Marge Harris of Wasilla spoke for the Mat-Su valley area when she told us that there is not a waiting list for the DCAP there.
- In Bethel, Vickie Malone said that there are 24 families participating in DCAP and that there are six families currently on their waiting list.

Table 4 shows the number of families served by each community according to the level of subsidy each family receives. Families at the lowest income level, below \$1,075/month (adjusted income), receive 100% payment of their day care costs. As the monthly income increases, the level of subsidy declines as shown in Table 5. Table 4 displays information for the month of December, which is the lowest month in terms of the number of families served so far for this fiscal year. Seventy-four percent (827) of the families receiving assistance were at the 100% subsidy level. Altogether, 91 percent of the families are reimbursed for 70% or more of their day care costs.

TABLE 4
 DAY CARE ASSISTANCE PROGRAM
 NUMBER OF FAMILIES PER SUBSIDY LEVEL
 BY COMMUNITY, AS OF 12/81

<u>Community</u>	<u>100%</u>	<u>90%</u>	<u>80%</u>	<u>70%</u>	<u>60%</u>	<u>50%</u>	<u>40%</u>	<u>30%</u>	<u>20%</u>	<u>10%</u>	<u>TOTAL</u>
Anchorage	394	43	23	16	13	6	5	2	2	--	504
Anderson	1	--	--	--	--	--	--	--	--	--	1
Bethel	16	2	--	--	--	1	1	--	--	--	20
Cordova	13	1	--	--	--	--	--	--	1	--	15
Delta Junction	9	1	--	--	1	--	--	1	--	--	12
Fairbanks	137	8	9	2	2	2	1	--	2	--	164
Fort Greely	7	3	3	7	6	5	2	2	3	--	38
Juneau	79	16	12	6	3	4	5	--	--	--	125*
Kenai	18	--	--	--	--	--	--	--	--	--	18
Ketchikan	26	3	3	2	3	--	2	--	--	--	39
Kodiak	31	4	2	2	8	--	2	1	--	1	51
Kotzebue	7	--	1	--	--	--	--	--	--	--	8
Metlakatla	13	--	--	1	--	--	--	--	--	--	14
McGrath	N/A										
Nome	9	1	1	--	--	--	--	--	--	--	11
Petersburg	11	1	--	--	--	--	1	--	--	--	13
Seward	12	--	--	--	--	--	--	--	--	--	12
Sitka	10	2	3	2	1	1	--	--	--	--	29
Soldotna	5	--	--	--	--	--	--	--	--	--	5
Tyonek	N/A										
Wasilla	11	2	1	2	--	--	--	--	--	--	16
Wrangell	<u>8</u>	<u>1</u>	<u>1</u>	<u>4</u>	<u>1</u>	<u>--</u>	<u>--</u>	<u>3</u>	<u>--</u>	<u>--</u>	<u>18</u>
TOTAL	827	88	59	44	39	19	19	9	8	1	1,113

*There are several additional families receiving assistance in Juneau, but their subsidy level was not available.

Source: Department of Community and Regional Affairs

TABLE 5
DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS
DAY CARE ASSISTANCE PROGRAM

CITY OF JUNEAU
100% Base
Effective March 1, 1981

<u>Monthly Adjusted Net Income</u>	<u>State Subsidy of Day Care Costs</u>
\$ \$0 - \$1,075	100%
\$1,076 - \$1,175	90%
\$1,176 - \$1,275	80%
\$1,276 - \$1,375	70%
\$1,376 - \$1,475	60%
\$1,476 - \$1,575	50%
\$1,576 - \$1,675	40%
\$1,676 - \$1,775	30%
\$1,776 - \$1,875	20%
\$1,876 - \$1,975	10%

Source: Department of Community and Regional Affairs

CURRENT FINANCIAL CONDITION OF DAY CARE CENTERS IN ALASKA

In order to determine the current financial condition of day care centers in Alaska, we included questions on this subject in our telephone interviews with day care center directors. We asked for information on center rates for children and infants, the date and amount of the last increase in rates, and any discount or special rates the center might offer. We also asked questions designed to disclose whether the center's income was lesser, equal to or greater than its operating costs. We asked directors of centers which were experiencing financial difficulties the reasons for those problems, and those with deficits the length of time during which the center had not been meeting operating costs.

Day Care Center Rates

Since 81% of the day care centers sampled are participating in the Day Care Assistance Program, it is appropriate to note the current rates per child eligible for this assistance. The State allows \$16/day for infants up to 2 years of age, and \$12/day for children two to six years old. The infant rate was raised from \$15/day to \$16/day in March of 1981. The child rate has not been raised since 1977.

Table 6 compares current day care rates for infants and children in the centers we sampled. Of the 32 centers sampled,¹ only five had not raised rates during the 1981 calendar year. Of these five centers, two had opened during that year, one in May, and one in September. Directors of two more of the five centers mentioned that they may have to raise rates in the near future.

¹Hutchinson day care center in Fairbanks differs from all other day care centers sampled in that it is funded as a day care staff training agency through the Foundation Program for high school students. For the purposes of this section of the memorandum, our sample will be the remaining 32 day care centers polled.

TABLE 6
 DAILY RATES FOR INFANTS AND CHILDREN IN A SELECTED SAMPLE
 OF DAY CARE CENTERS IN ALASKAN COMMUNITIES

Community	Center	Daily Rate for Children 2 & Over	Daily Rate For Infants Under 2	
Anchorage	Anchorage Child Care & Education Center ^{1,4}	\$14.00	\$16.00	
	Bayshore Learning Center ^{3,4}	12.10	13.80	
	Butterfly Child Center ^{3,4}	12.40	14.00	
	Kee's Kiddie Kare ⁴	15.00	17.50	
	Little Red School House	15.00	16.00	
	Midtown Child Care	12.00	15.00	
	Nanny's Place	12.00	16.00	
	Park Strip Day Care ^{2,4}	13.00	14.00	
	Saakaaya Child Care Center	12.00	14.00	
	Spenard Kiddy Drop	14.00	14.00	
	Tanaina Child Care Center	13.10	14.00	
	Wesleyan Church Child Care	12.00	13.00	
	Bethel	Bethel Day Care Center ⁴	15.00	---
		Fairbanks	Discovery Center	12.00
Enep'ut Children's Center	12.00		15.00	
Love & Care Child Center	12.00		---	
New Life Day Care Center	12.00		15.00	
Play and Learn	13.00		15.00	
Wee Care Day Care	12.00		16.00	
Juneau	Children's Community ³	12.60	16.60	
	Gingerbread House	17.00	20.00	
	Noah's Ark Day Care ³	14.00	16.90	
	St. Ann Day Care & Nursery ³	13.80	16.70	
	Wee Cottage	15.00	---	
Kenai	Aurora Heights Kiddie Korner ¹	13.50	13.50	
	Ketchikan	Rainbow Construction	13.00	---
		The Nest	12.00	16.00
Kodiak	Small World Toddler Center	12.00	16.00	
	Small World Inc.	12.00	---	
Nome	Nome Child Care Inc.	14.00	14.00	
Sitka	Sitka Day Care Annex ¹	14.80	16.60	
Wasilla	Wasilla Children's House ¹	15.70	15.70	

¹Daily rate = hourly rate multiplied by 9 hours/day

²Daily rate = weekly rate divided by 5 days/week

³Daily rate = monthly rate divided by 21 days/month

⁴Children's rate is for children three years old and over; infant's rate is for children under three years of age.

Twenty (63%) of the day care centers sampled charge more than the \$12/day Day Care Assistance Program rate for children. None of the centers charges less than this rate. The highest rate charged by any center for care for children was \$17/day, and the average rate for all centers was \$13.30/day.

Of the 26 centers sampled which offer infant care, six (23%) charge more than the \$16/day Day Care Assistance Program rate for infants. Fourteen (54%) of the centers charge less than this rate. The highest rate charged for infant care by any center was \$20/day, the lowest rate charged was \$13/day and the average rate charged was \$15.40/day.

Since different centers charge clients in different ways for the day care services offered, it was necessary to develop a mechanism whereby rates for all centers sampled could be compared. There were four payment schedules used by centers: hourly, daily, weekly, or monthly. In order to determine a daily rate for all centers, we multiplied hourly rates by nine hours/day, divided weekly rates by five days/week, and divided monthly rates by 21 days/month. Four of the 32 centers charged by the hour, 12 charged by the day, three charged by the week, and 13 charged by the month. Many of those centers which charged clients on a monthly basis had higher daily rates available for children who were not enrolled on a full-time monthly basis. The more stable economic base afforded day care centers by monthly payments based on enrollment allows centers to offer discount rates for monthly payments made in advance.

Fifteen of the 32 centers sampled offer discount rates for children of some families. Six of the centers absorb all or some percentage of the difference between the center's rates and the amount paid by the Day Care Assistance Program for children of families receiving that assistance. Seven of the centers offer a discounted rate for the second child from the same family.

Day Care Center Deficit

Twenty-one of the centers sampled (66%) are currently operating under a deficit or have recorded a deficit for three or more months during the 1981 calendar year. The amount of deficit ranged from a few hundred dollars to ongoing debts of as much as \$74,000. Monthly operating costs exceeded monthly income by \$1,000 to \$5,000 for most centers with deficits. Centers had been experiencing deficits for periods of time ranging from three months to six years.

Eleven centers reported incomes which met or exceed operating costs. Directors of four of these centers stated that their centers would be operating under deficits if there were not some special mitigating fac-

tor for their facilities. Each of these centers either had reduced operating costs due to free rent or volunteer labor, or had funding from some source not available to most day care centers, for example a loan or grant from the community served by the center. Five day care center directors declared neither a deficit nor a profit. Their income was equal to their operating costs.

Financial Problems of Day Care Centers in Alaska

The financial problems experienced by the 21 centers reporting deficits, and to some extent by other centers as well, can be divided into two categories: those endemic to day care centers, and those special hardships caused by alterations in the fund base available to day care centers.

The day care center directors interviewed listed the following factors as ongoing problems:

- high operating costs
- high staffing costs
- attendance losses
- occasional non-payment by clients

High Operating Costs. Most day care centers in Alaska are experiencing an escalation in their operating costs which is disproportionate to center rate increases. Inflated food prices have caused day care center costs to spiral upwards. Many center directors said they cannot afford to buy needed equipment, or to make repairs on or renovate the center structure. The rising cost of supplies is another problem mentioned by many center directors.

High Staffing Costs. The financial problem most frequently mentioned by the day care center directors interviewed was the high cost of staffing. Staff salaries form the major component of most centers' budgets. Yet center directors are concerned that salaries are insufficient. Many directors said that the salaries which they can afford to pay are too low to hire or retain employees of the quality desired. The director of the Anchorage Child Care and Education Center said that she could not afford to pay even the minimum wage.

Attendance Losses. Many centers suffer attendance losses which affect center incomes to a degree which ranges from slight to extreme. Attendance losses can be seasonal or occasional. Seasonal reductions in attendance occur during the summer months for some centers, such as

the Discovery Center in Fairbanks. Jo Kuykendall, director of the Discovery Center, volunteers her time for three months each summer while attendance is low. Even so, the center experiences a summer deficit of \$1,500 per month. Other centers lose attendance during winter holidays. Occasional attendance losses due to unemployment in the community served by the day care center also reduce center income and can create serious financial difficulties for centers.

Non-payment By Clients. A few day care center directors have problems collecting the payment due them from clients. Reasons for this difficulty varied, but occurrences of this nature deserve mention in this memorandum as an occasional source of income loss for day care centers.

According to many of those interviewed, day care centers are experiencing special financial problems due to cuts in the federally-funded Federal Food and CETA programs, and also due to the rates paid through the State's Day Care Assistance Program.

Operating costs for those day care centers participating in the Federal Food Program rose sharply when that program was cut. Some centers had to raise rates to cover the funding loss, and others instituted a food charge. The cut in Federal Food Program funds was mentioned as one of the major causes for operating deficits by most centers which reported deficits.

An even greater financial hardship for some centers resulted from cut-backs in the CETA program. Most centers depended on CETA funding to defray at least part of their high staffing costs, and some centers had been staffed with CETA employees for all but one or two positions. Loss of CETA funding for staffing was a common reason cited for day care center deficits.

Many of the day care center directors interviewed were concerned about the State's failure to raise the Day Care Assistance Program's daily rate of \$12 per child for children from two to six years of age. This rate, set in 1977, was considered by these directors to be insufficient. Several centers absorb the difference between rates charged by the center for a child and the rate paid by the Day Care Assistance Program to avoid creating economic hardships for Day Care Assistance Program families.

CHILD CARE GRANT PROGRAM

The Child Care Grant Program (AS 44.47.301) was established by the 1981 Alaska Legislature to provide State assistance in the operation of child care facilities and to provide for the education or training of child care center employees or administrators. The program is administered by the Department of Community and Regional Affairs. To qualify for a grant under this program, the child care facility must be currently licensed under AS 47.35.010-47.35.080 and any applicable municipal licensing requirements, and must participate in the State Day Care Assistance Program. Each facility receiving a grant through the Child Care Grant Program must assure availability of child care positions for children eligible for the Day Care Assistance Program whose parents or guardians pay for care based on the number of full-time equivalent days the child attends the facility. Availability of positions based on an attendance fee schedule is ensured by the mandatory use by day care centers of a formula which determines the maximum number of enrollment fee schedule positions which the center may make available each month.

Child Care Grant Program monies are paid on a monthly basis. Centers receive \$25 per month per average daily full-time equivalent child enrolled at the center during the calendar month preceding the date on which application for the grant is made. The statute allows centers to receive up to \$50 per month per average daily full-time equivalent child enrolled at the center during the preceding calendar month. However, the FY 82 budget was established at a level which allows only the \$25/month per child rate. The statute provides for the monthly amount to be adjusted on a geographic basis by the same percentages as instructional unit allotments are adjusted under AS 14.17.051 so that the amount received reflects cost-of-living differences.

The Department of Community and Regional Affairs administers a training program to day care center directors who wish to apply for program funds. The training covers correct procedures for completing the necessary paperwork to apply for grants.

Child Care Grant Program Budget

Monies allocated to the Child Care Grant Program for FY 1982 total \$1,500,000. As of January, 1982, there was a total of 65 centers and 73 homes from 17 Alaskan communities participating in the program. Appropriations made through the program as of January 19, 1982 totalled \$382,708.57 (30% of the grant amount for FY 1982). Table 7 lists the number of participating homes and centers by community, and the amount of funds appropriated for all homes, centers, and communities as of

January 1982. According to Ms. Lare, the number of facilities and communities participating in the program is increasing. Facilities newly enrolling in the program may apply for retroactive funds.

TABLE 7
 CHILD CARE GRANT PROGRAM FUNDS DISPERSED
 AS OF 1/19/82

<u>Community</u> ¹	<u># of Homes</u>	<u># of Centers</u>	<u>Homes Amount</u>	<u>Centers Amount</u>	<u>Total</u>
Anchorage	42	24	\$25,135.18	\$182,019.25	\$207,154.43
Anderson	--	1	--	831.00	831.00
Bethel	--	2	--	8,137.50	8,137.50
Cordova	--	1	--	3,769.14	3,769.14
Delta Junction	--	1	--	4,680.00	4,680.00
Fairbank:	16	13	12,001.00	62,042.96	74,043.96
Juneau	8	8	5,022.40	32,404.00	37,426.40
Kenai	--	1	--	2,835.00	2,835.00
Kotzebue	--	1	--	3,952.50	3,952.50
Metlakatla	--	1	--	260.00	260.00
Nome	--	1	--	1,162.50	1,162.50
Petersburg	--	1	--	4,690.40	4,690.40
Seward	--	1	--	2,295.00	2,295.00
Sitka	--	4	--	12,865.84	12,865.84
Soldotna	--	1	--	1,752.30	1,752.30
TOTAL	66	61	\$42,158.58	\$323,697.39	\$365,855.97

¹Wasilla was participating in the Child Care Grant Program at this time. However, data for Wasilla is unavailable.

Source: Ms. Lare, Child Care Coordinator, Department of Community and Regional Affairs, 1/29/82

Program Participation

Each of the ten communities selected for this study was currently participating in the Child Care Grant Program. Twenty-five (78%) of the 32 day care centers sampled by our telephone interviews were receiving grants through that program. Of the seven centers which were not currently enrolled, three were in the process of applying for grants through the program. One center governed by a church board had been asked by its board not to apply for program funds. One center had applied and received monies through the program but had discontinued participation because the director wished to spend these funds otherwise than as specified by the Department of Community and Regional Affairs.

Amounts Received By Participating Centers

Amounts of money received by participating centers ranged from \$300/month to \$4,000/month depending on the size of the center. Table 8 lists the monthly amount per average daily fulltime equivalent child enrolled for each of the 20 communities participating in the Child Care Grant Program as of February, 1982.

TABLE 8
ADJUSTED CHILD CARE GRANT PROGRAM RATES PER CHILD
BY GEOGRAPHIC LOCATION OF PARTICIPATING COMMUNITY

<u>Community</u>	<u>Instructional Unit Allotment</u>	<u>Monthly Amount Per Average Daily FTE Child Enrolled</u>
Anchorage*	100%	\$25.00
Anderson	120%	\$30.00
Bethel*	155%	\$38.75
Cordova	115%	\$28.75
Delta Junction	120%	\$30.00
Fairbanks*	112%	\$28.00
Juneau*	100%	\$25.00
Kenai*	108%	\$27.00
Ketchikan*	100%	\$25.00
Kodiak*	116%	\$29.00
Kotzebue	155%	\$38.75
McGrath	155%	\$38.75
Metlakatla	104%	\$26.00
Nome*	155%	\$38.75
Petersburg	104%	\$26.00
Seward	108%	\$27.00
Sitka	104%	\$26.00
Soldotna	108%	\$27.00
Wasilla*	104%	\$26.00
Wrangell	104%	\$26.00

*Community sampled for this study.

Source: House Research Agency, 2/18/82

Use of Program Funds

Each of the day care centers sampled applied Child Care Grant Program funds to two or more of five major categories:

- staff salaries
- staff training
- food
- equipment
- supplies

Staff Salaries. Eighteen (72%) of the 25 participating centers we sampled applied program funds toward paying staff salaries. This number was the largest single use of program monies made available to centers. Two reasons commonly given by center operators for this application of their grants were the high percentage of the center's budget applied toward staff salaries, and the loss of CETA program funds which previously helped to defray these costs. Child Care Grant Program funds were used by the day care center directors we interviewed to raise salaries to more competitive levels, to offer salary bonuses or to hire additional staff members.

Staff Training. Five day care center directors (20%) used portions of their grants for staff training.

Food. Eleven (44%) of the day care centers receiving grants applied these funds toward food costs. In this case, as in that of payment of staff salaries, Child Care Grant Program monies were used to pay for a budget item for which less federal money is currently available to day care centers than was previously the case. The financial effect on day care centers of cuts in the Federal Food program were mitigated to some extent by the application of these newly available state funds.

Equipment. Twelve (48%) of the day care centers spent portions of their grants on equipment. Several center directors said that equipment tends to be too expensive for centers to purchase using income from tuition fees, and that no federal program funds equipment purchases. A few centers used Child Care Grant Program funds for major equipment purchases. For example, the Butterfly Child Center in Anchorage used program monies to purchase new playground equipment, and the Children's Community Center in Juneau applied its grant to cover a portion of the cost of building a covered play area.

Supplies. Eight (32%) of the day care center directors specified supplies as a use category for grant monies.

Twelve of the center directors interviewed found the necessary paperwork for grant applications to be easy to do. Some of these 12 directors complimented the Department of Community and Regional Affairs' training course, and others stated that the forms are the simplest to fill out of any program in which they have been involved. However, eight center directors stated that they had difficulties accomplishing the grant program paperwork. Of these, some specified the lack of a person to contact for explanations of the forms as a major problem. Directors of the center in Nome and one Anchorage center commented on the short period of time elapsed between the center's submission of application forms and receipt of the check for monies granted. In contrast, directors of the center sampled in Bethel, one Juneau center, and one Ketchikan center complained about the length of time it took to get checks for the program funds for which they had applied. The Ketchikan center, The Nest, had not yet received its check for the month of December 1981 at the time of our February 12th, 1982 interview.

The majority of day care center directors participating in the Child Care Grant Program commented favorably on it. Some said that their centers would have folded without this assistance from the State. Most have used program funds to close budget gaps left by cuts in the Federal Food program and CETA program funds. Since many centers used grant monies to replace, at least in part, monies formerly available through other sources, center directors find it difficult to assess the extent to which the Child Care Grant Program has improved their centers' financial condition. Most state that without these funds their centers would have been operating under deficits, or under greater deficits than those which they are currently experiencing. Nearly all of the center directors participating in the grant program mentioned the need for more funds to bring about an improvement in their centers' financial condition.

H B

723

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

(5)

2/16/82

Date: March 3, 1982

Mr. Speaker:

The Committee on COMMUNITY & REGIONAL AFFAIRS has had SSHB 723

"An Act extending the time during which assistance for municipalities and unincorporated communities is paid under ch. 60, SLA 1981; and providing for an effective date."

under consideration and ~~(a majority of the committee)~~ ~~(the committee)~~ reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

D. Clocksin
[Signature]
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
 CHAIRMAN



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

SUMMARY

SSHB 723 - "An Act extending the time during which assistance for municipalities and unincorporated communities is paid under Ch. 60, SLA 81; and providing for an effective date."

The original HB 723 extended only the time during which aid to unincorporated communities could apply for 'SB 168' monies.

The Sponsor Substitute for HB 723 has been offered to also allow municipalities additional time to apply for the Municipal Aid Program (SB 168).

Section 1.

Pg.1-Line 12: Deletes FY 82 date for application of entitlements and extends the program to FY 83 to qualified municipalities.

Pg.1-Line 22: AS 37.05.315 - State Grants to Municipalities has been deleted and replaced with all references to state grant provisions and procedures, whether applicable or not, as a policy matter by the revisors of legal services. AS37.05.315-319

Section 2.

Pg.1-Line 26: Deletes FY 82 date for application of entitlements and extends the Municipal Aid Program to FY 83 for unincorporated communities in the unorganized boroughs.



LAWS OF ALASKA

1981

Source

HCS CSSB 168(71n)

Chapter No.

60

AN ACT

Relating to state assistance for municipalities and unincorporated communities; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 10

Approved by the Governor: July 10, 1981
Actual Effective Date: July 11, 1981

AN ACT

Relating to state assistance for municipalities and unincorporated communities; and providing for an effective date.

Section 1. MUNICIPAL AID PROGRAM. (a) During the fiscal year ending June 30, 1982, the Department of Administration shall compute and pay an entitlement to each qualified municipality. An entitlement to a municipality with a population of at least 1,000 shall be used for social services and capital projects at the discretion of the municipality. An entitlement to a municipality with a population of less than 1,000 shall be used for social services, capital projects, or operating expenses of capital projects at the discretion of the municipality. The entitlement for each municipality shall be computed in accordance with (b) of this section, and is payable by the Department of Administration in accordance with AS 37.05.315 to the extent that the provisions of AS 37.05.315 are consistent with (c), (d), and (e) of this section.

(b) Within the limits of appropriations for the purpose, each municipality is entitled to receive \$1,000 per person residing within the boundaries of the municipality.

(c) A municipality may grant money received under this section to a nonprofit corporation for

(1) any capital project of the nonprofit corporation that serves a public purpose;

(2) social services;

Chapter 60

(3) the operating expenses of a capital project of the nonprofit corporation if the project serves a public purpose and the municipality has a population of less than 1,000.

(d) Before money received under this section may be used for a capital project with a total cost of \$1,000,000 or more, the project must be approved by the voters of the municipality at a regular state election or a general or special municipal election. However, money received under this section may be used without voter approval for improvement or rehabilitation to an existing public facility if the total cost of the improvement or rehabilitation is not more than \$5,000,000.

(e) A municipality may not receive money as an entitlement under this section until it provides the Department of Administration a copy of an ordinance or resolution adopted by it that

(1) authorizes the municipality to receive and spend the money to be provided by the entitlement;

(2) identifies the social services, capital projects, and, if the municipality has a population of less than 1,000, the operating expenses of capital projects for which the money will be spent; and

(3) indicates the total amount of money that the municipality will receive, the amount of money that will be used by the municipality or a nonprofit corporation for social services, the amount of money that will be used for each capital project, and, if the municipality has a population of less than 1,000, the amount of money that will be used for operating expenses of capital projects.

• Sec. 2. AID TO UNINCORPORATED COMMUNITIES. (a) During the fiscal year ending June 30, 1982, the Department of Community and Regional Affairs shall compute and pay an entitlement to each unincorporated community in an unorganized borough. The entitlement for each community shall be computed in accordance with (b) of this section, and is payable by the Department of

Community and Regional Affairs in accordance with (b) of this section. (b) Within the limits of appropriate funds available to the unorganized borough, the Department of Community and Regional Affairs shall pay the amount of the entitlement to a person residing within that community.

(c) By August 15, 1981, the Department of Community and Regional Affairs shall notify each unincorporated community in an unorganized borough of the amount of the entitlement available to it.

The Department of Community and Regional Affairs shall determine whether the Department of Law shall determine whether the community, an incorporated entity, is a municipality. If the community does not possess sovereign immunity, the Department of Law shall determine whether the community is eligible to receive money under the entitlement.

If the community is more than one qualified incorporated entity, the Department of Community and Regional Affairs shall determine the entitlement to the entity that the Department of Law determines to be eligible to receive and spend the money consistent with the provisions of this section.

If the community is a nonprofit corporation, the Department of Community and Regional Affairs shall give preference to a nonprofit corporation for receipt of the entitlement.

(d) Money received as an entitlement under this section shall be used for social services, capital projects, and operating expenses of capital projects in the unincorporated community.

(e) An unincorporated community may not receive money under this section until the recipient provides the Department of Community and Regional Affairs with a copy of the ordinance or resolution adopted by it that

(1) authorizes the recipient to receive and spend the money to be provided by the entitlement;

(2) identifies the social services, capital projects, and, if the community has a population of less than 1,000, the operating expenses of capital projects for which the money will be spent; and

(3) indicates the total amount of money that the community will receive, the amount of money that will be used by the community or a nonprofit corporation for social services, the amount of money that will be used for each capital project, and, if the community has a population of less than 1,000, the amount of money that will be used for operating expenses of capital projects.

Chapter 60

Community and Regional Affairs in accordance with (a) of this section.

(b) Within the limits of appropriations for the purpose, such unincorporated community in the unorganized borough is entitled to receive \$1,000 per person residing within that community.

(c) By August 15, 1981, the Department of Community and Regional Affairs shall notify each unincorporated community that its entitlement is available. The Department of Community and Regional Affairs with advice from the Department of Law shall determine whether there is, in the unincorporated community, an incorporated entity or a federally chartered entity that does not possess sovereign immunity and will agree to receive and spend the money received under the entitlement. If there is in the unincorporated community more than one qualified incorporated or federally chartered entity, the Department of Community and Regional Affairs shall pay the money under the entitlement to the entity that the department finds most qualified to receive and spend the money consistent with (d) and (e) of this section. In selecting the recipient entity, the Department of Community and Regional Affairs shall give preference to a nonprofit corporation organized by an unincorporated community for receipt of the entitlement.

(d) Money received as an entitlement under this section may be used for social services, capital projects, or operating expenses of capital projects in the unincorporated community.

(e) An unincorporated community may not receive money as an entitlement under this section until the recipient selected by the Department of Community and Regional Affairs under (c) of this section provides the Department of Community and Regional Affairs a copy of a resolution adopted by it that

(1) authorizes the recipient to receive and spend the money provided by the entitlement;

(2) identifies the social services, capital projects, and operat-

2-19-82

HB 723, 724 - (SB 168)

Richard Ake - CRA

- 15 of 100 have applied -
- total of \$3.1 million (^{\$13 mil. avail. for FY82})
(^{6.3 mil. avail. for FY83})

Three problems:

1. SB 168 lower priority, to implement revenue sharing - "back burner" until this spring
2. implem. problem - fear of quit., forms, etc.
3. sovereign immunity -

- letter sent out to all in August -
- wants legislation to allow waiver of S.I.
 - SB 168 only statute which prohibits transfer

- Jicallila Apache - 9th Cir - Recent Supr. Ct. -
- Ak-Supreme Ct. - Eyak -

47 mil. excess - \$1000 per capita = 13 mil FY82
6.3 mil FY83



* 17.3 appropriated
17.5 need of \$1000/person

wants this to go to revenue sharing

Richard Price - AG

- getting DOJ Opinion on waiving S.I.
- * - will provide opinion on waiver being conditioned on bringing Non-Natives into decision-making process -

DeMou-

- whites get taken into acct in formal decision-making process in villages
- maybe require public hearing -
- overall problem how do we funnel \$ to local

Flower Lindstrom — Legisl. Finance

- new K w/ dept for F&F funds —
- 35 municipalities have not applied
(15 or so ^{of these} want to)
- Dept of Law says they can spend w/o re-appropriation F&F \$ —
- He says it's "debatable"

Alaska State Legislature

House of Representatives

Albert P. Adams

Chairman

Committee on Finance

WHILE IN SESSION

Pouch V

State Capitol

Juneau, Alaska 99811

(907) 465-3706

HOME - DISTRICT 21

P.O. Box 271

Kotzebue, Alaska 99752

(907) 442-3320

Official Business

MEMORANDUM

TO: Representative Pat O'Connell, Chairman
House Community and Regional Affairs Committee

FROM: Representative Albert P. Adams, Chairman *AAA*
House Finance Committee

DATE: February 17, 1982

SUBJ: SSHB 723 and SSHB 724, Extending Lapse Dates for
Municipal Aid and Aid to Unincorporated Communities

SSHB 723 amends the authorizing legislation for the Municipal Aid and Aid to Unincorporated Communities program (ch. 60, SLA 1981), and SSHB 724 amends the appropriation act (ch. 61 as amended by ch. 92, SLA 1981).

As ch. 60, SLA 1981 now stands, the per capita payments to municipalities and unincorporated communities are authorized and mandated to be completed by June 30, 1982 (Sec. 1 and Sec. 2, respectively). Ch. 92, SLA 1981 amended the appropriation act for the program to spread the money over two years, but did not amend the authorizing legislation to make it a two year program. Municipalities received only \$535 per capita in FY 82, and another approximately \$215 per capita is to be paid by the FY 83 appropriation of \$95,000,000 (sec. 63, ch. 92, SLA 1981). In order to make the second year payments, the authorizing legislation should be amended, otherwise the legal soundness of the disbursements would be in question.

In addition, 35 of 151 eligible municipalities have not yet applied (as of February 5, 1982). A few of these have been in touch with the Department of Administration (DOA) to say they are still in the process of deciding how to use the funds, but most of the 35 municipalities have not responded at all. SSHB 723 and SB 724 would allow them until the end of the program, July 1, 1983, to apply. In fact, these municipalities could apply for both years at once, thereby simplifying the process for both municipalities and DOA.

Rep. Pat O'Connell
February 17, 1982
Page 2

The circumstances for unincorporated communities are somewhat different. Enough money was appropriated to pay each municipality their full \$1,000 per capita. However, only 18 out of about 100 potentially eligible communities have applied so far. SSHB 723 and SSHE 724 would allow them more time to do this.

Richard Ake

Major Problem areas @ regard to SB 168 moves to unincorporated communities.

1. unfamiliarity @ process
2. Sovereign immunity ban

?? { Dept of Law may be changing (softening) its position @ regard to Constitutional ban on state grants to Sovereign Village Councils ?!!?

Bob Trice Dept. of Law
Sovereign Immunity

WHY should we pass these grants to "communi" which do not want government?

Mike DeMann

* Public Hearings should be held

COMMUNITY AND REGIONAL AFFAIRS

CHAPTER 44

AID TO UNINCORPORATED COMMUNITIES

Section

- 010. Repealed
- 015. Purpose of Regulations.
- 020. Repealed
- 025. Delegation of Authority.
- 030. Repealed
- 035. Determination of Qualified Communities.
- 040. Repealed
- 045. Qualified Applicants.
- 050. Repealed
- 055. Application.
- 060. Repealed
- 065. Public Hearing.
- 070. Repealed
- 075. Joint Applications.
- 080. Repealed
- 085. Financial Reporting.
- 090. Repealed
- 095. Appeal Procedure.

DRAFT

19 AAC 44.015. PURPOSE OF REGULATIONS. The regulations in this chapter are intended to implement, interpret, and make specific the act providing for state aid to unincorporated communities, sec. 2, 3 and 5 of ch. 60, Session Laws of Alaska 1981. (Eff. / / , Reg.)

Authority: AS 44.47.980

19 AAC 44.025. DELEGATION OF AUTHORITY. The authority of the department under ch. 60, SLA 1981 is delegated by the commissioner of community and regional affairs to the division of local government assistance. (Eff. / / , Reg.)

Authority: AS 44.47.980

19 AAC 44.035. DETERMINATION OF QUALIFIED COMMUNITIES.
(a) A place in the unorganized borough is considered an unincorporated community and is eligible for a grant from the unincorporated community aid account if it satisfies the following criteria:

(1) the geographic area the unincorporated community occupies is not disproportionate in size to the number of persons residing in the geographic area; in determining whether this standard has been met the director will consider the physical topography of the area, the use of the land, land ownership patterns, and other factors that may affect population density; Communities with a population density of at least fourteen persons per square mile are considered to have met this standard;

COMMUNITY AND REGIONAL AFFAIRS

(2) the community is a discrete and identifiable social unit; in determining whether this standard has been met, the director will consider school enrollment, sources of employment, voter registration, and the permanency of dwelling units; communities which have at least one commercial establishment, whose families reside in permanent dwelling units, and whose children are enrolled in an operating school in or near the community, are considered to have met this standard.

(b) The following places in the unorganized borough are not considered a community and are not eligible for a grant from the unincorporated community aid account:

(1) a place where the public does not have unrestricted access, including the right to move to the place and reside there;

(2) a place that is contiguous to a municipality and is dependent upon the municipality to the extent that it exists only because the municipality is present; or

(3) a place provided by an employer composed totally of persons who are required to reside there as a condition of their employment and who do not consider the place to be their permanent place of residence. (Eff. / / , Reg.)

Authority: AS 44.47.980

19 AAC 44.045. QUALIFIED APPLICANTS. (a) The following entities are eligible to apply for a grant on behalf of an eligible community:

(1) an Indian Reorganization Act council operating pursuant to the provisions of Section 17 of the Indian Reorganization Act (25 U.S.C. sec. 477), and the Alaska Act of May 1, 1936 (25 U.S.C. sec. 473), and the amendments to these Acts as of January 1, 1983;

(2) a nonprofit organization formed pursuant to the provisions of AS 10.20.

(b) If an applicant for an eligible community is a nonprofit corporation, its articles of incorporation must provide that:

(1) all adult residents of the community are eligible to be members of the corporation;

(2) the board of directors shall be elected by popular vote of the corporate membership;

DRAFT

Register ,

1982

19 AAC 44.065

19 AAC 44.085

COMMUNITY AND REGIONAL AFFAIRS

(c) An application received after May 15 will, in the discretion of the director, be considered for payment during the following fiscal year. (Eff. / / , Reg.)

Authority: AS 44.47.980

19 AAC 44.065. PUBLIC HEARING. (a) An applicant for funds under this chapter must certify to the department that it has conducted a public hearing for purposes of soliciting the public's opinions on potential uses of funds from the unincorporated community aid account.

(b) Notice of the hearing required by this section must be publicly given by posting the date, time, place, and purpose of the hearing in at least three prominent locations in the community. This notice must be posted no less than five days before the hearing.

(c) The applicant is responsible for providing the department with a written summary report of the hearing. The summary report must include the date, place, and time of the hearing, a list of the names of the persons attending the hearing, a brief summary of the testimony presented, and a record of votes taken or decisions made respecting the application. (Eff. / / , Reg.)

Authority: AS 44.47.980

19 AAC 44.075. JOINT APPLICATIONS. (a) Two or more unincorporated communities may organize a non-profit corporation which may be designated as the applicant on behalf of each community.

(b) An applicant applying on behalf of one or more unincorporated communities must certify that the hearing required under 19 AAC 44.065 was conducted in each community. (Eff. / / , Reg.)

Authority: AS 44.47.980

19 AAC 44.085. FINANCIAL REPORTING. (a) A recipient of a grant from the unincorporated community aid account shall submit a financial status report detailing the uses of the grant at least every three months or more often as may be required by the grant agreement between the applicant and the department. A report required by this section must be submitted or postmarked not later than 15 days after the end of each required reporting period unless the community has spent its grant and has previously submitted a complete financial report.

(b) Upon complete expenditure of a community's grant the applicant shall submit a financial report to the department

DRAFT

Register ,

1982

19 AAC 44.095

COMMUNITY AND REGIONAL AFFAIRS

detailing the expenditure of the funds. The report shall be prepared by a person competent in accounting matters and shall be certified by that person as being true and correct.

(c) If a community's grant is in excess of \$250,000, the report required by (b) of this section shall be prepared by a certified public accountant.

(d) Failure to submit financial reports bars the recipient from future participation in distributions from the unincorporated community aid account and from receipt of money from other financial assistance programs administered by the department. (Eff. / / , Reg.)

Authority: AS 44.47.980

19 AAC 44.095. APPEAL PROCEDURE. An applicant may appeal a final eligibility determination or the distribution of funds from the unincorporated community aid account by submitting to the commissioner a notice of appeal within 30 calendar days after the postmark of the contested decision. The notice of appeal must be in writing and clearly state the facts which support the applicant's claim, including all relevant supporting evidence. The commissioner will, at his or her discretion, where necessary to provide a full and fair disclosure of all pertinent information, conduct an informal hearing. If the commissioner determines that a hearing is desirable, the applicant will be given at least 10 days notice, and the applicant or its designee will be invited to attend and participate. The commissioner will, at his or her discretion, affirm or modify the prior decision and notify the applicant of that decision. (Eff. / / , Reg.)

Authority: AS 44.47.980

February 5, 1982

The Honorable Al Adams, Chairman
House Finance Committee
Pouch V
Juneau, Alaska 99811

ATTN: Ralph Bennett

Dear Representative Adams:

RE: AID TO UNINCORPORATED COMMUNITIES

Pursuant to a request from your staff we have compiled the following information concerning Aid to Unincorporated Communities.

The Department of Community and Regional Affairs has received 18 applications from eligible communities. When completely paid, these 18 eligible communities would be granted a total of \$3,104,000 (See attached list).

It is our understanding that there are approximately 80 more unincorporated communities that may be eligible and have not as yet applied. We will be attempting to insure that all of the communities are fully informed of the availability of these funds. I have also attached a list of all of the communities of 25 or more according to the U.S. Bureau of the Census.

We realize there are some reasons why many communities may not apply for this funding. A major one of these is fear of government. The old adage "any government big enough to give you everything you want is also big enough to take everything you have" expresses a prevalent feeling in many rural communities. Many residents moved to those rural communities to get away from governmental or organizational restrictions. As a result, many of the communities of 25 and over that would be eligible for the program have not, as yet, formed any type of non-profit community organization.

Another more prevalent problem revolves around the lack of appropriate organization within those communities that may have some form of council. SBI68 requires that the Department deal with a legally recognized organization that does not possess sovereign immunity. Some of the unorganized communities may have a traditional tribal council which possesses sovereign immunity, but does not have legal recognition by the State.

Eligibility for funding would require additional action to be taken by the existing traditional council. That action would be to incorporate as a non-profit corporation under state law. Although this incorporation is a fairly simple process, it is foreign to most rural communities.

The Honorable Al Adams
February 5, 1982
Page 2

We have found that many IRA Councils are not aware that they are organized both under Section 16, which provides sovereign immunity, and Section 17, which does not. Because they are accustomed to conducting business under the authority of Section 16, many of the Councils are unaware that they must apply for state assistance grants in their capacity as a Section 17 corporation.

These problems along with lack of expertise and experience in dealing with state government are thought to be the largest roadblocks. The application and funding problems being experienced in the aid to unincorporated communities program are at least partially attributable to these roadblocks.

The Department has recommended that the statute be changed to allow us to deal with Traditional Councils, which are willing to waive sovereign immunity with respect to state funded projects or services. We feel this change would go a long way toward solving these problems. I have also attached a copy of our memo to the Governor's office outlining that change. We understand a bill will be introduced (if not already) to accomodate these proposed changes.

We are also aware of the bills introduced by you and Representative Montgomery extending the appropriation for another year.

The Department does have some limited ability to provide technical assistance to these communities. As of this date the requests for that assistance have been minimal.

The Department is planning on implementing an expanded outreach program. The attached memo outlines that program.

I hope this information answers your request. If we can be of further assistance please contact me.

Sincerely,

Lee
Lee McAnerney
Commissioner

JM/ub/0545G

cc: Senator John Sackett
Senator Frank Ferguson
Representative Joe Montgomery
Keith Speckiny, Special Assistant to Governor
Susan Greene, Special Assistant to Governor

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4100

February 22, 1982

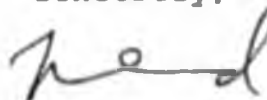
The Honorable Patrick O'Connell
Chairman, House Community & Regional
Affairs Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Representative O'Connell:

As requested during the hearing on HB 723 and HB 724 last Friday the Department is providing you with information on applicants for Chapter 60 funding who have actually received funds.

Please feel free to contact me if you have further questions.

Sincerely,



Richard Aks
Deputy Commissioner

cc: Keith Specking
Senator Frank Ferguson
Senator John Sackett
McKie Campbell, Senator Gillman's Office
Ralph Bennett, Representative Montgomery's Office
Wendy Rader, Representative Adams' Office

Unincorporated Community Aid Applicants

<u>Community</u>	<u>Status</u>	<u>Organization Type</u>	<u>Amount</u>	<u>Projects</u>
Arctic Village	Pending	IRA (16 & 17)	\$ 111,000	Fuel for generator
Birch Creek	Approved	Non-profit (formed for SB 168)*	\$ 32,000	Purchase generator, operating electric company
Cantwell	Pending	Non-profit (formed for SB 168)*	\$ 89,000	Building community hall, improve solid waste system, fire hall improvement
Cold Bay	Approved	Non-profit (existing)	\$ 228,000	Operating an emergency medical care clinic
Ejfin Cove	Approved	Non-profit (formed for SB 168)	\$ 28,000	Maintaining community equipment & buildings, developing an alternate energy
Gustavus	Pending	Non-profit (existing)	\$ 98,000	Building a community center
Healy Lake	Approved	IRA (16 & 17)	\$ 33,000	Completing community hall and community freezer
Igiugig	Pending	Non-profit (formed for SB 168)*	\$ 33,000	Salary for recreation supervisor, purchasing a truck, salary for community building maintenance person
Klukwan	Pending	IRA (16 & 17)	\$ 135,000	Rewiring in community, buy fire equipment, repairing community hall, buy sump truck, Adult basic ed., emergency medical service, purchase a village
Kongiganak	Pending	Non-profit (formed for SB 168)*	\$ 239,000	Building: Multi-purpose, VFD, and equipment trash collection
Kwigillingok	Pending	IRA (16 & 17)	\$ 354,000	Renovate community building, install fence, purchase truck
Levelock	Approved	Non-profit (formed for SB 168)*	\$ 79,000	Salary for building maintenance person, buy satellite transmitter, community hall renovation, complete bulk fuel storage and dock
Metlakatla	Pending	IRA (16 & 17)	\$1,195,000	Build recreation building, Port improvements
McKinley Park	Pending	Non-profit (existing)	\$ 32,000	Operating community center
Minto	Approved	IRA (16 & 17)	\$ 153,000	Utility improvements, operating lodge
Nikolski	Approved	IRA (16 & 17)	\$ 50,000	Windmills
Noatak	Pending	IRA (16 & 17)	\$ 273,000	Building a Post Office, buying various pieces of equipment, operating water sewer and community buildings, medical and old age care
Pedro Bay	Approved	Non-profit (formed for SB 168)*	\$ 33,000	Constructing a dock & trails and bridges
Rampart	Pending	Non-profit (formed for SB 168)*	\$ 50,000	Build generator building, operating expenses, custodian salary, buy recreation equipment
Stevens Village	Pending	IRA (16 & 17)	\$ 96,000	Salary for water treatment plant operator, buy truck, buy washers and dryer recreation director salary
Tatitlek	Approved	IRA (16 & 17)	\$ 68,000	Renovate community building and school, buy generator, install fuel lines
Venatie	Pending	IRA (16 & 17)	\$ 132,000	Buy generator, fuel for generator

* has existing traditional Native government or IRA Council.

Unincorporated Community Aid Applicants

	<u>Status</u>	<u>Organization Type</u>	<u>Amount</u>	<u>Projects</u>
illage	Pending	IRA(16 & 17)	\$ 111,000	Fuel for generator
k	Approved	Non-profit (formed for SB 168)*	\$ 32,000	Purchase generator, operating electric company
	Pending	Non-profit (formed for SB 168)*	\$ 89,000	Building community hall, improve solid waste system, fire hall improvements
	Approved	Non-profit (existing)	\$ 228,000	Operating an emergency medical care clinic
	Approved	Non-profit (formed for SB 168)	\$ 28,000	Maintaining community equipment & buildings, developing an alternate energy source
	Pending	Non-profit (existing)	\$ 98,000	Building a community center
	Approved	IRA (16 & 17)	\$ 33,000	Completing community hall and community freezer
	Pending	Non-profit (formed for SB 168)*	\$ 33,000	Salary for recreation supervisor, purchasing a truck, salary for community building maintenance person
	Pending	IRA (16 & 17)	\$ 135,000	Rewiring in community, buy fire equipment, repairing community hall, buy sewer pump truck, Adult basic ed., emergency medical service, purchase a village bus
ok	Pending	Non-profit (formed for SB 168)*	\$ 239,000	Building: Multi-purpose, VFD, and equipment trash collection
	Pending	IRA (16 & 17)	\$ 354,000	Renovate community building, install fence, purchase truck
	Approved	Non-profit (formed for SB 168)*	\$ 79,000	Salary for building maintenance person, buy satellite transmitter, community hall renovation, complete bulk fuel storage and dock
ark	Pending	IRA (16 & 17)	\$1,195,000	Build recreation building, Port improvements
	Pending	Non-profit (existing)	\$ 32,000	Operating community center
	Approved	IRA (16 & 17)	\$ 153,000	Utility improvements, operating lodge
	Approved	IRA (16 & 17)	\$ 50,000	Windmills
	Pending	IRA (16 & 17)	\$ 273,000	Building a Post Office, buying various pieces of equipment, operating water & sewer and community buildings, medical and old age care
	Approved	Non-profit (formed for SB 168)*	\$ 33,000	Constructing a dock & trails and bridges
	Pending	Non-profit (formed for SB 168)*	\$ 50,000	Build generator building, operating expenses, custodian salary, buy recreational equipment
illage	Pending	IRA (16 & 17)	\$ 96,000	Salary for water treatment plant operator, buy truck, buy washers and dryers, recreation director salary
	Approved	IRA (16 & 17)	\$ 68,000	Renovate community building and school, buy generator, install fuel lines
	Pending	IRA (16 & 17)	\$ 132,000	Buy generator, fuel for generator

* has existing traditional Native government or IRA Council.

H B

724

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

(5)

2/16/82

Date: March 3, 1982

Mr. Speaker:

The Committee on COMMUNITY & REGIONAL AFFAIRS has had SSHB 724

"An Act extending appropriations made for entitlements to municipalities and unincorporated communities and for extending appropriations for administering the entitlements; and providing for an effective date."

under consideration and ~~(a majority of the committee)~~ ~~(the committee)~~ reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
CHAIRMAN



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

SUMMARY

SSHB 724: "An Act extending appropriations made for entitlements to municipalities and unincorporated communities and for extending appropriations for administering the entitlements; and providing for an effective date."

Section 1.

Pg. 1 - Line 15:

Extends appropriations of SB 168, Municipal Aid Program, for one year with a lapse date of FY 83 or as in SSHB 723, 'in accordance with legislation authorizing the payments,' for qualified municipalities

Section 2.

Pg. 1 - Line 22:

Extends appropriations for unincorporated communities in the unorganized boroughs to FY 83, as above.

Section 3.

Pg. 1 - Line 25:

Provides for a lapse date of appropriated funds in 3 (a), 4 (a), 5 & 6, copies attached.

Section 4.

Pg. 1 - Line 28:

Effective date clause is that of the effective date clause of SSHB 723.

Chapter 61

AN ACT

Making a special appropriation to the Alaska permanent fund, and making appropriations to the Department of Administration and the Department of Community and Regional Affairs for aid to municipalities and unincorporated communities; and providing for an effective date.

Section 1. The sum of \$1,800,000,000 is appropriated from the general fund to the Alaska permanent fund (art. IX, sec. 15, Constitution of the State of Alaska, AS 37.13.010).

Section 2. Beginning July 1, 1981, the commissioner of revenue shall make monthly deposits to the Alaska permanent fund of the appropriation made by Sec. 1 of this Act. A monthly deposit to the Alaska permanent fund shall be in an amount determined by the commissioner of revenue to be in excess of the general fund revenues necessary to finance state government operations for the month in which the deposit is made.

Section 3. The sum of \$380,000,000 is appropriated from the general fund to the Department of Administration for payment of entitlements to qualified municipalities for the fiscal year ending June 30, 1982, in accordance with legislation authorizing the payments.

Section 4. The sum of \$26,987,000 is appropriated from the general fund to the Department of Community and Regional Affairs for payment of entitlements to unincorporated communities in the unorganized borough for the fiscal year ending June 30, 1982, in accordance with legislation authorizing



Source

CSHB 354(SA)

1

AN

Extending certain insurance receiving benefits under the public officers retirement effective date.

BE IT ENACTED BY THE LEGISLATURE

THE ACT FOLLOWS

UNDERLINED MATERIAL IN THE LAW AND BRACKETED DELETIONS FROM THE LAW; REPEALED AND RE-ENACTED LINE OF EACH BILL SECTION

Approved by the Governor
Actual Effective Date: 3

Chapter 61

1 the payments.

2 * Sec. 5. The sum of \$73,800 is appropriated from the general fund
3 the Department of Administration for costs of administering the entitlements
4 for which an appropriation is made by sec. 3 of this Act.

5 * Sec. 6. The sum of \$252,800 is appropriated from the general fund
6 the Department of Community and Regional Affairs for costs of administering
7 the entitlements for which an appropriation is made by sec. 4 of this Act.

8 * Sec. 7. The appropriation made by sec. 1 of this Act is not a one-time
9 appropriation and it does not lapse under AS 37.25.010.

10 * Sec. 8. This Act takes effect on the effective date of a version of
11 Senate Bill No. 168 entitled "An Act relating to state assistance for
12 municipalities and unincorporated communities; and providing for an effective
13 date."

Chapter 92

Sec. 57. The sum of \$153,400 is appropriated from the general fund for a grant to the Municipality of Anchorage for a block home program.

Sec. 58. \$200,000 of the unexpended and unobligated portion of the monies to the Legislative Budget and Audit Committee for permanent legislative oversight in sec. 32, ch. 120, SLA 1980, page 69, is lapses into the general fund December 31, 1981.

~~Sec. 59. The sum of \$1,502,600 is appropriated from the general fund to the Department of Community and Regional Affairs for the displaced home program established in AS 47.90.~~

~~Sec. 60. The sum of \$1,798,200 is appropriated from the general fund to the Department of Community and Regional Affairs for the child care center and child care assistance program established in AS 44.33.265-1 and AS 44.47.250(b)(2) - 44.47.310.~~

~~Sec. 61. The sum of \$20,000,000 is appropriated from the general fund to the Department of Commerce and Economic Development, Alaska Industrial Development Authority, for the small enterprise loan program, for the purchase of land for multi-family dwelling enterprises.~~

Sec. 62. The sum of \$3,124.29 is appropriated from the general fund to the Department of Law to pay prior year obligations for which the appropriation is lapsed.

Sec. 63. Section 3, Free Conference CE for House Bill No. 1 (Twelfth Legislative - First Session) is amended to read:

Sec. 3. (a) The sum of ~~100,000,000~~^{100,000,000} [100,000,000] is appropriated from the general fund to the Department of Administration for payment of entitlements to qualified municipalities for the fiscal year ending June 30, 1982, in accordance with legislation authorizing the payments.

(b) The sum of \$22,828,900 is appropriated from the general fund to the Department of Administration for payment of entitlements to

Chapter 92

qualified municipalities for the fiscal year ending June 30, 1981, in accordance with legislation authorizing the payments.

* Sec. 64. Section 4, Free Conference CS for House Bill No. 1 (7th Legislature - First Session) is amended to read:

Sec. 4. (a) The sum of ~~\$10,400,000~~^{12,121,100} (\$24,987,000) is appropriated from the general fund to the Department of Community and Regional Affairs for payment of entitlements to unincorporated communities in the unorganized borough for the fiscal year ending June 30, 1981, in accordance with legislation authorizing the payments.

(b) The sum of \$6,246,700 is appropriated from the general fund to the Department of Community and Regional Affairs for payment of entitlements to unincorporated communities in the unorganized borough for the fiscal year ending June 30, 1982, in accordance with legislation authorizing the payments.

* Sec. 65. The sum of \$300,000 is appropriated from the general fund to the Department of Education for payment of the outstanding debts and obligations of the Southcentral Regional Resource Center. Payment of a claim on this appropriation is contingent on a determination by the special master previously appointed by the superior court that the claim represents an outstanding debt of the Southcentral Regional Resource Center.

* Sec. 66. The unexpended and unobligated portions of the appropriations made to the Department of Natural Resources for special assessments on state-owned lands and for Merrill Field subdivision development (MFL) (see sec. 17, ch. 209, SLA 1975, page 39, and the special assessment balances remaining under AS 29.63), are lapsed into the general fund and are allocated as follows:

- (1) in the Department of Commerce and Economic Development office of commercial fisheries development, for fish waste utilization and

small scale marketing support

- (2) to the Department of Education for the Alaska content information system

- (3) to the Department of Health and Social Services, office of alcohol and drug abuse, alcohol abuse grants

* Sec. 67. The unexpended and unobligated portions of sec. 51, ch. 120, SLA 1980, page 36, line 8 (alcohol and drug abuse budget base used to establish the fiscal year 1981 budget of the Department of Health and Social Services).

* Sec. 68. Section 2, Free Conference CS for House Bill No. 1 (7th Legislature - First Session) is amended to read: Beginning July 1, 1981, the commissioner of revenues shall deposit to the Alaska permanent fund of the equalization fund of this Act. A monthly deposit to the Alaska permanent fund shall be in an amount determined by the commissioner of revenues necessary for the month in which the total amount of the general fund revenues necessary for the month is less than \$1,400,000,000 shall be deposited to the Alaska permanent fund in fiscal year 1981, and the entire amount of the deposit shall be deposited to the Alaska permanent fund by June 30, 1982.

* Sec. 69. Section 1, Free Conference CS for Senate Bill No. 1 (7th Legislature - First Session) is repealed and reenacted.

* Section 1. (a) The sum of \$263,000,000 for the investment of that sum are appropriated from the Alaska Power development fund of the Alaska Power Act

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

February 22, 1982

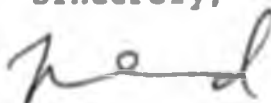
The Honorable Patrick O'Connell
Chairman, House Community & Regional
Affairs Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Representative O'Connell:

As requested during the hearing on HB 723 and HB 724 last Friday the Department is providing you with information on applicants for Chapter 60 funding who have actually received funds.

Please feel free to contact me if you have further questions.

Sincerely,



Richard Ake
Deputy Commissioner

cc: Keith Specking
Senator Frank Ferguson
Senator John Sackett
McKie Campbell, Senator Gillman's Office
Ralph Bennett, Representative Montgomery's Office
Wendy Rader, Representative Adams' Office

Unincorporated Community Aid Applicants

<u>Community</u>	<u>Status</u>	<u>Organization Type</u>	<u>Amount</u>	<u>Projects</u>
Arctic Village	Pending	IRA(16 & 17)	\$ 111,000	Fuel for generator
Birch Creek	Approved	Non-profit (formed for SB 168)*	\$ 32,000	Purchase generator, operating electric company
Cantwell	Pending	Non-profit (formed for SB 168)*	\$ 89,000	Building community hall, improve solid waste system, fire hall improvement
Cold Bay	Approved	Non-profit (existing)	\$ 228,000	Operating an emergency medical care clinic
Elfin Cove	Approved	Non-profit (formed for SB 168)	\$ 28,000	Maintaining community equipment & buildings, developing an alternate energy
Gustavus	Pending	Non-profit (existing)	\$ 98,000	Building a community center
Healy Lake	Approved	IRA (16 & 17)	\$ 33,000	Completing community hall and community freezer
Igiugig	Pending	Non-profit (formed for SB 168)*	\$ 33,000	Salary for recreation supervisor, purchasing a truck, salary for community building maintenance person
Klukwan	Pending	IRA (16 & 17)	\$ 135,000	Rewiring in community, buy fire equipment, repairing community hall, buy pump truck, Adult basic ed., emergency medical service, purchase a village
Kongiganak	Pending	Non-profit (formed for SB 168)*	\$ 239,000	Building: Multi-purpose, VFD, and equipment trash collection
Kwigillingok	Pending	IRA (16 & 17)	\$ 354,000	Renovate community building, install fence, purchase truck
Levelock	Approved	Non-profit (formed for SB 168)*	\$ 79,000	Salary for building maintenance person, buy satellite transmitter, community hall renovation, complete bulk fuel storage and dock
Metlakatla	Pending	IRA (16 & 17)	\$1,195,000	Build recreation building, Port improvements
McKinley Park	Pending	Non-profit (existing)	\$ 32,000	Operating community center
Minto	Approved	IRA (16 & 17)	\$ 153,000	Utility improvements, operating lodge
Nikolski	Approved	IRA (16 & 17)	\$ 50,000	Windmills
Noatak	Pending	IRA (16 & 17)	\$ 273,000	Building a Post Office, buying various pieces of equipment, operating water sewer and community buildings, medical and old age care
Pedro Bay	Approved	Non-profit (formed for SB 168)*	\$ 33,000	Constructing a dock & trails and bridges
Rampart	Pending	Non-profit (formed for SB 168)*	\$ 50,000	Build generator building, operating expenses, custodian salary, buy recreation equipment
Stevens Village	Pending	IRA (16 & 17)	\$ 96,000	Salary for water treatment plant operator, buy truck, buy washers and dryer recreation director salary
Tatitlek	Approved	IRA (16 & 17)	\$ 68,000	Renovate community building and school, buy generator, install fuel lines
Venetie	Pending	IRA (16 & 17)	\$ 132,000	Buy generator, fuel for generator

* has existing traditional Native government or IRA Council.

Unincorporated Community Aid Applicants

	<u>Status</u>	<u>Organization Type</u>	<u>Amount</u>	<u>Projects</u>
illage	Pending	IRA(16 & 17)	\$ 111,000	Fuel for generator
ok	Approved	Non-profit (formed for SB 168)*	\$ 32,000	Purchase generator, operating electric company
	Pending	Non-profit (formed for SB 168)*	\$ 89,000	Building community hall, improve solid waste system, fire hall improvements
	Approved	Non-profit (existing)	\$ 228,000	Operating an emergency medical care clinic
	Approved	Non-profit (formed for SB 168)	\$ 28,000	Maintaining community equipment & buildings, developing an alternate energy source
	nding	Non-profit (existing)	\$ 98,000	Building a community center
	Approved	IRA (16 & 17)	\$ 33,000	Completing community hall and community freezer
	Pending	Non-profit (formed for SB 168)*	\$ 33,000	Salary for recreation supervisor, purchasing a truck, salary for community building maintenance person
	Pending	IRA (16 & 17)	\$ 135,000	Rewiring in community, buy fire equipment, repairing community hall, buy sewer pump truck, Adult basic ed., emergency medical service, purchase a village bus
	Pending	Non-profit (formed for SB 168)*	\$ 239,000	Building: Multi-purpose, VFD, and equipment trash collection
ok	Pending	IRA (16 & 17)	\$ 354,000	Renovate community building, install fence, purchase truck
	Approved	Non-profit (formed for SB 168)*	\$ 79,000	Salary for building maintenance person, buy satellite transmitter, community hall renovation, complete bulk fuel storage and dock
	Pending	IRA (16 & 17)	\$1,195,000	Build recreation building, Port improvement
ark	Pending	Non-profit (existing)	\$ 32,000	Operating community center
	Approved	IRA (16 & 17)	\$ 153,000	Utility improvements, operating lodge
	Approved	IRA (16 & 17)	\$ 50,000	Windmills
	Pending	IRA (16 & 17)	\$ 273,000	Building a Post Office, buying various pieces of equipment, operating water & sewer and community buildings, medical and old age care
	Approved	Non-profit (formed for SB 168)*	\$ 33,000	Constructing a dock & trails and bridges
	Pending	Non-profit (formed for SB 168)*	\$ 50,000	Build generator building, operating expenses, custodian salary, buy recreational equipment
illage	Pending	IRA (16 & 17)	\$ 96,000	Salary for water treatment plant operator, buy truck, buy washers and dryers, recreation director salary
	Approved	IRA (16 & 17)	\$ 68,000	Renovate community building and school, buy generator, install fuel lines
	Pending	IRA (16 & 17)	\$ 132,000	Buy generator, fuel for generator

* has existing traditional Native government or IRA Council.

Alaska State Legislature

House of Representatives

Albert P. Adams

Chairman

Committee on Finance

WHILE IN SESSION

Pouch V

State Capitol

Juneau, Alaska 99811

(907) 465-3706

HOME - DISTRICT 21

P.O. Box 271

Kotzebue, Alaska 99752

(907) 442-3320



Official Business

MEMORANDUM

TO: Representative Pat O'Connell, Chairman
House Community and Regional Affairs Committee

FROM: Representative Albert P. Adams, Chairman *APA*
House Finance Committee

DATE: February 17, 1982

SUBJ: SSHB 723 and SSHB 724, Extending Lapse Dates for
Municipal Aid and Aid to Unincorporated Communities

*68 weeks
to form a
new Profit
Organization*

SSHB 723 amends the authorizing legislation for the Municipal Aid and Aid to Unincorporated Communities program (ch. 60, SLA 1981), and SSHB 724 amends the appropriation act (ch. 61 as amended by ch. 92, SLA 1981).

As ch. 60, SLA 1981 now stands, the per capita payments to municipalities and unincorporated communities are authorized and mandated to be completed by June 30, 1982 (Sec. 1 and Sec. 2, respectively). Ch. 92, SLA 1981 amended the appropriation act for the program to spread the money over two years, but did not amend the authorizing legislation to make it a two year program. Municipalities received only \$535 per capita in FY 82, and another approximately \$215 per capita is to be paid by the FY 83 appropriation of \$95,000,000 (sec. 63, ch. 92, SLA 1981). In order to make the second year payments, the authorizing legislation should be amended, otherwise the legal soundness of the disbursements would be in question.

In addition, 35 of 151 eligible municipalities have not yet applied (as of February 5, 1982). A few of these have been in touch with the Department of Administration (DOA) to say they are still in the process of deciding how to use the funds, but most of the 35 municipalities have not responded at all. SSHB 723 and SE 724 would allow them until the end of the program, July 1, 1983, to apply. In fact, these municipalities could apply for both years at once, thereby simplifying the process for both municipalities and DOA.

Rep. Pat O'Connell
February 17, 1982
Page 2

The circumstances for unincorporated communities are somewhat different. Enough money was appropriated to pay each municipality their full \$1,000 per capita. However, only 18 out of about 100 potentially eligible communities have applied so far. SSHB 723 and SSHB 724 would allow them more time to do this.

H

B

7

46

- charge

- hold hearings - proportionally
- policy theory local govts
or to org req't?
- p. 9 quote - transfer - assure
of providing? etc.

2-24-82

House CRA - HB 746 - SRS + Mun Asst

Richard Ahs -

- ~~Prop~~ ^{Hum. Assistance} based on 10% of corp. income
tax collections - these are dropping & ∴
\$ to munic. is dropping -

^{taxes from}
- enterprises run by municipalities are not
plugged into formula & ∴ do not increase
revenues & don't increase R.S.

Gwilym Ch. Wood - All League

As [- And. & assessed values went up? - tax bill ↑ or ↓?
- fiscal note - Dept of Rev.
- chart - what does it mean?



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

SUMMARY SHEET

SECTION 1

29.95.020 Qualification for Minimum Payment (Municipalities)

- (a) Under Municipal Aid and Revenue Sharing the minimum payment is raised from \$25,000 to \$100,000.
(1) Must spend at least half of the entitlement on 3 basic services defined in new section on page 3. (29.95.050)

SECTION 2

29.95.040 NEW SECTION

'Hold harmless clause' - For FY 84 and each following year, a municipal entitlement will not fall below the amount received under 2 (Revenue Sharing) and 29.89 (Municipal Aid) for FY 83.

Any excess amounts will first be used for the payment of entitlements for minimum payments under 29.95.020(a). Any further excess will be prorated through Municipal Aid and Revenue Sharing Accounts.

Section 3

29.95.500 - NEW SECTION

Definitions of "Basic Services"

Section 4

44.47.130(4) Powers and Duties - Rural Development

Extending statutory language for purposes of financing capital projects, operating expenses of such projects and services in the unincorporated communities and the unorganized borough.

SECTION 5

44.47.140 - Limitations

Applicant must submit application in writing to the department. Programs for each unincorporated community may not exceed \$100,000

SECTION 6

44.47.146 Grant Applications

Department shall review all applications and determine which will best meet the needs of the community. (44.47.140)

The Department may not accept an application from an Alaska Native village council, unless the Council waives any immunity from suit which it might have. The form will be provided by the Department of Law. Lines 17-18-19; disclaimer clause.

NEW SECTION

44.47.147 Accountability of Funds

Misuse of funds may result in a nonpayment of future funds to which the recipient is entitled for programs administered by the department.

NEW SECTION

44.47.148 Definition

"Unincorporated Communities" as it exists under Title 29

- 1) 25 persons or more
- 2) Unrestricted access by the public
- 3) Independent if it is contiguous to a municipality
- 4) Not composed totally of persons required to reside because of employment

SECTION 7

Legislative Intent

Appropriations to municipalities and other recipients under 29.88 - 29.95 for FY 84 and each following year will only be increased by the same percentage as the new "spending limit" of the Alaska Constitution. (Art. IX Sec.16 to be ratified by the voters in November of 1982.)

Other appropriations over and above those described will be reduced for FY 84 and for all following years by the percentage of increase determined for that fiscal year for state appropriations under the "spending limit" of the AK Constitution.

Section 8

29.89.050 and 43.20.016 repealed (attached)

SECTION 9-13 Effective dates

Sec. 29.95.010. Allocation and distribution. (a) Each year, the Department of Community and Regional Affairs shall allocate money appropriated to the accounts established in AS 29.88.010 — 29.88.045, 29.89.010 — 29.89.100, and 29.90.010 — 29.90.030 in the amounts determined by the legislature.

(b) Money in the miscellaneous services account established in AS 29.89.080 which exceeds the amount required to fully fund distributions authorized by AS 29.89.010 — 29.89.100 shall be reallocated to the tax equalization account established in AS 29.88.035 and distributed according to the provisions of AS 29.88.010 — 29.88.045.

(c) Money in the hospital construction assistance account established in AS 29.90.020 which exceeds the amount required to fully fund distributions authorized by AS 29.90.010 — 29.90.030 shall be reallocated to the tax equalization account established in AS 29.88.035 and distributed according to the provisions of AS 29.88.010 — 29.88.045. (§ 5 ch 155 SLA 1980)

✓ **Sec. 29.95.020. Qualification for minimum payment.** (a) A municipality qualifying for an entitlement under AS 29.88.010 — 29.88.045 or 29.89.010 — 29.89.100 shall receive a minimum payment of \$25,000 plus an area cost-of-living differential for each fiscal year if:

(1) the municipality has conducted a regular election under AS 29.28.010 — 29.28.050 during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.88.010 — 29.88.045 or 29.89.010 — 29.89.100 and has reported the results of the election to the commissioner of the Department of Community and Regional Affairs;

(2) regular council meetings are held in the municipality in accordance with the requirements of AS 29.23.210 during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.88.010 — 29.88.045 or 29.89.010 — 29.89.100 and a record of the proceedings is maintained;

(3) a municipal budget has been adopted for the fiscal year during which payment of an entitlement is authorized by AS 29.88.010 — 29.88.045 or 29.89.010 — 29.89.100 and an audit or financial statement for the preceding fiscal year has been prepared and furnished to the Department of Community and Regional Affairs in accordance with AS 29.23.560(a); and

(4) local ordinances adopted by the governing body of the municipality have been codified in accordance with AS 29.48.180.

(b) The area cost-of-living differential payable to each municipality under this section shall be determined annually by election district under the provisions of AS 39.27.030. Except as provided in AS 29.95.030, application of the area cost-of-living differential may not result in a payment which is less than the minimum payment deter-

mined under (a) of this section. Election districts used are the reapportionment and redistricting for the house of representatives, September 3, 1965.

(c) The Department of Community and Regional Affairs shall allocate to each municipality eligible to receive an amount equal to the payment determined under (a) the amount payable for the fiscal year 29.88.045 and AS 29.89.010.

(d) A payment under this section shall be made under AS 29.95.030.

(e) Payments under this section shall be allocated to the tax equalization account established by ch 155 SLA 1980.

Sec. 29.95.030. Prorated payment. Prorated payment under AS 29.95.020 and AS 29.88.010 — 29.88.045 shall be allocated to the tax equalization account in accordance with AS 29.95.010.

(b) Adjustments of payments under AS 29.88.010 — 29.88.045 by payments in equal proportion to payments under AS 29.95.010 shall be allocated to the tax equalization account established by ch 155 SLA 1980.

§ 29.95.020

each year, the
locate money
— 29.88.045,
the amounts

published in AS
fund distribu-
reallocated to
5 and distrib-
38.045.

account estab-
d to fully fund
030 shall be
AS 29.88.035
29.88.010 —

ment. (n) A
29.88.010 —
imum payment
a fiscal year if:
ion under AS
g the year for
§ 29.88.010 —
e results of the
immunity and

ality in accor-
the fiscal year
t is authorized
and a record of

al year during
§ 29.88.010 —
cial statement
urnished to the
rdance with AS

of the munic-
3.180.

h municipality
lection district
rovided in AS
ential may not
payment deter-

§ 29.95.030

MUNICIPAL GOVERNMENT

§ 29.95.030

determined under (a) of this section. For purposes of this subsection, the election districts used are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor September 3, 1965.

(c) The Department of Community and Regional Affairs shall pay to each municipality eligible to receive a minimum payment under this section an amount equal to the difference between the minimum payment determined under (a) and (b) of this section and the sum of the amounts payable for the same fiscal year under AS 29.88.010 — 29.88.045 and AS 29.89.010 — 29.89.100.

(d) A payment under this section may be prorated and reduced under AS 29.95.030.

(e) Payments under this section shall be made from the money allocated to the tax equalization account established in AS 29.88.035. (§ 5 ch 155 SLA 1980)

Sec. 29.95.030. Proration of payments. (a) Payments under AS 29.95.020 and AS 29.88.010 — 29.88.045 shall equal the amount allocated to the tax equalization account (AS 29.88.035), adjusted in accordance with AS 29.95.010.

(b) Adjustments of payments shall be determined by prorating amounts payable under AS 29.95.020 and amounts payable under AS 29.88.010 — 29.88.045 by a factor which, when applied, reduces all payments in equal proportion so that payments under AS 29.95.020 and payments under AS 29.88.010 — 29.88.045 equal the amount allocated to the tax equalization account established in AS 29.88.035. (§ 5 ch 155 SLA 1980)

Title 26
Military Affairs
and Veterans

Title 26
Military Affairs
and Veterans

Article 4. Rural Development.

Section

- 130. Powers and duties
- 140. Limitations
- 145. Bulk fuel storage facilities grant fund

Section

- 150. Village land conveyed in trust
- 155. Loan information officers

Sec. 44.47.130. Powers and duties. To promote development of rural areas of the state, the department is authorized to

(1) investigate social and economic conditions of rural areas to determine the need to expand economic opportunities and improve living conditions;

(2) formulate a coordinated program to broaden and diversify the economic base of rural areas;

(3) coordinate administration of emergency relief, surplus food distribution, or other public assistance programs, except the regular relief and assistance programs of the federal government in rural areas;

(4) formulate and conduct a program of construction of basic facilities to improve health, welfare and economic security and provide employment and income in the rural areas;

(5) promote training and educational programs designed to expand employment opportunities for residents of rural areas;

(6) enter into agreements with other state agencies and departments to provide for the distribution in rural communities of surplus electrical power from state-owned power sources located in those communities and to expend funds for this purpose.

(7) make grants to communities for bulk fuel storage facilities;

(8) cooperate with the Department of Environmental Conservation and other agencies to provide technical assistance to communities in the installation, operation and management of bulk fuel storage facilities. (§ 2 ch 200 SLA 1972; am § 1 ch 183 SLA 1972; am § 38 ch 83 SLA 1980)

Revisor's note. — In ch 183, SLA 1972, AS 44.47.130(6) appeared as AS 44.19.610(12). Chapter 200, SLA 1972, repealed the sections on the Rural Development Agency, including AS 44.19.610, and replaced them with provisions in AS 44.47. The history of the

183 and 200 SLA 1972 suggest that the legislative intent of ch. 200 was not to repeal the amendments made in ch 183 and AS 44.19.610(12) has been appropriately renumbered.

Effect of amendment. — The 1980 amendment added paragraphs (7) and (8).

Sec. 44.47.140. Limitations. A program of the department under AS 44.47.130 in a rural area may not exceed \$40,000 in a cost a year, except that a grant of not more than \$60,000 may be made under AS 44.47.145 for a bulk fuel storage facility. (§ 1 ch 165 SLA 1972; am § 9 ch 200 SLA 1972; am § 1 ch 114 SLA 1978; am § 39 ch 83 SLA 1980)

Revisor's note. — In ch 165, SLA 1972, AS 44.47.140 appeared as AS 44.19.620.

Chapter 200, SLA 1972, repealed the sections on the Rural Development

Agency, including AS/ 44.19.620, and replaced them with provisions in AS 44.47. The history of chs. 165 and 200, SLA 1972 suggests that the legislative intent of ch. 200 was not to repeal the amendments made in ch. 165, and AS 44.19.620 has been appropriately renumbered.

Sec. 44.47.145. Bulk fuel stor is established in the Department the bulk fuel storage facilities gra department from this fund to a community bulk storage facilities

(b) Grants made under this installation of a bulk fuel storage community.

(c) If the governing body of two o their fuel requirements may be se facility, the communities may join install a single bulk fuel storage jointly under this subsection, the multiplied by the number of commu cation.

(d) Before a grant is made unde the community is not incorporated. in the community shall agree in w bulk storage facility to be construc (§ 40 ch 83 SLA 1980)

Sec. 44.47.150. Village land co sioner of the Department of Con designated to accept, administer, ar state in trust by village corporatio Native Claims Settlement Act (P purposes specified in that section.

(b) Transfer of land by sale, lease, including transfer of surface resour sioner only after approval of an app traditional council, a village meetin approval shall be by resolution filed

(c) Within one complete state fiscal municipality in the village or of a n part of the village, land acquired un without cost to the municipality, and all the entrusted interest in the lan

(d) Separate accounts shall be n village for the land, including the r from each village corporation under t the close of each state fiscal year a s

A resident individual is entitled to a tax credit equal to 16 percent of the tax credit claimed by the individual on his federal income tax return for household and dependent care services necessary for his full employment.

The commissioner of revenue shall pay the amount of a tax credit provided by this section to a resident individual who makes a return as provided in AS 43.20.012. A credit under this section shall be paid in the manner provided in AS 43.20.030(e) for the payment of refunds and interest may not be made without an appropriation for that purpose. (ch 1 SSSLA 1980; am § 9 ch 1 SSSLA 1980; § 2 ch 2 SSSLA 1980)

Text of amendments. — Section 9, SSSLA 1980 substituted "\$100" for "1" in the introductory language of subsection (a).

Effective dates. — Section 12 of ch. 1 provides that this section is retroactive to January 1, 1980, and § 10 of ch. 2, pro-

vides that this section is retroactive to January 1, 1979.

Editor's notes. — For legislative findings and purpose of the enacting legislation, see § 1, ch. 1, SSSLA 1980, and § 1, ch. 2, SSSLA 1980, in the 1980 Temporary and Special Acts and Resolves.

§ 43.20.015. Individual tax credit.

Repealed by § 10 ch 1 SSSLA 1980 and § 9 ch 2 SSSLA 1980.

Editor's notes. — The repealed section, as amended by § 1, ch. 144, SLA 1978, and § 10 of ch. 2, SSSLA 1980, provides legislative findings and purpose of

repealing acts, see § 1, ch. 1, SSSLA 1980, and § 1, ch. 2, SSSLA 1980, in the 1980 Temporary and Special Acts and Resolves.

§ 43.20.016. Sharing of corporate income tax revenue with municipalities. (a) There is established within the Department of Revenue the municipal assistance fund. The legislature may appropriate to the fund during each fiscal year an amount equal to or greater than 10 percent of the income tax revenue received by the state under AS 43.20.011(e) and AS 43.21.010 — 43.21.120 for the previous fiscal year. The Department of Revenue shall distribute money from the fund to each organized borough and each city of any class on an annual basis as provided in (b) and (c) of this section. A borough or city may not receive payment under (b) or (c) of this section until it submits to the Department of Revenue a resolution approved by the governing body of the municipality that requests the funds. Distribution of money from the fund to a city or organized borough with a fiscal year beginning on January 1 shall be made on February 1 of the state fiscal year for which the appropriation to the fund is made. Distribution of money from the fund to all other cities and organized boroughs shall be made on June 1 of the state fiscal year for which the appropriation to the fund is made. A borough or city that incorporates after December 31 of a state fiscal year is not eligible for a distribution under this section until the following state fiscal year.

The base amount to be distributed from the fund to each borough or city for the fiscal year shall be the amount received by the borough

Repealed By HB 746

Title 39
Public Officers
and Employees

Title 43
Public Revenue
and Expenses

Title 41
Public Revenue

Title 38
Public Lands

Introduced: 2/10/82
Referred: Community & Regional
Affairs and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 746

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state revenue sharing and municipal
7 assistance programs; establishing a program of aid for
8 unincorporated communities; and providing for an effective
9 date."

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

11 * Section 1. AS 29.95.020(a) is amended to read:

12 (a) A municipality qualifying for an entitlement under AS 29.88
13 [AS 29.88.010 -- 29.88.045] or AS 29.89 [29.89.010 -- 29.89.100] shall
14 receive a [MINIMUM] payment of at least \$100,000 [\$25,000] plus an area
15 cost-of-living differential for each fiscal year. To qualify for an en-
16 titlement under AS 29.88 or AS 29.89, a municipality shall annually [IF]

17 (1) conduct [THE MUNICIPALITY HAS CONDUCTED] a regular elec-
18 tion under AS 29.28.010 -- 29.28.050 during the fiscal year preceding
19 the year for which payment of an entitlement is authorized by AS 29.88
20 [AS 29.88.010 -- 29.88.045] or AS 29.89 [29.89.010 -- 29.89.100] and re-
21 port [HAS REPORTED] the results of the election to the commissioner of
22 the Department of Community and Regional Affairs;

23 (2) certify that regular council meetings are held in the mu-
24 nicipality in accordance with the requirements of AS 29.23.210 during
25 the fiscal year preceding the year for which payment of an entitlement
26 is authorized by AS 29.88 [AS 29.88.010 -- 29.88.045] or AS 29.89 [29.-
27 89.010 -- 29.89.100] and maintain a record of the proceedings [IS MAIN-
28 TAINED];

29 (3) adopt a municipal budget [HAS BEEN ADOPTED] for the

1 fiscal year during which payment of an entitlement is authorized by
2 AS 29.88 [AS 29.88.010 -- 29.88.045] or AS 29.89 [29.89.010 -- 29.89.-
3 100] and prepare and furnish to the Department of Community and Region-
4 al Affairs an audit or financial statement for the preceding fiscal year
5 [HAS BEEN PREPARED AND FURNISHED TO THE DEPARTMENT OF COMMUNITY AND
6 REGIONAL AFFAIRS] in accordance with AS 29.23.560(a); [AND]

7 (4) certify that local ordinances adopted by the governing
8 body of the municipality have been codified in accordance with AS 29.-
9 48.180; and

10 (5) spend at least 50 percent of the payment received under
11 this section for the previous fiscal year on at least three basic ser-
12 vices which the municipality has the power to provide.

13 * Sec. 2. AS 29.95 is amended by adding a new section to read:

14 Sec. 29.95.040. GUARANTEED MINIMUM ASSISTANCE. (a) For the fis-
15 cal year ending June 30, 1984 and in each fiscal year after that, a mu-
16 nicipality is entitled to receive at least the amount it received under
17 this chapter and AS 29.88 for the fiscal year ending June 30, 1983.

18 (b) If appropriations made to finance the programs under this
19 chapter and AS 29.88 exceed the amount necessary to satisfy the require-
20 ments of (a) of this section, the excess shall be allocated to insure
21 that the payment of entitlements for municipalities are made as required
22 by AS 29.95.020(a).

23 (c) If an appropriation made to finance the programs under this
24 chapter and AS 29.88 exceeds the amount necessary to satisfy the re-
25 quirements of (a) and (b) of this section, the excess shall be allocated
26 to the tax equalization account established in AS 29.88.035 unless oth-
27 erwise provided by law.

28 (d) In order to pay the amounts required by (a) of this section,
29 the allocations made by the Department of Community and Regional Affairs

1 to accounts established in AS 29.88.035, AS 29.89.080, and AS 29.90.020
2 shall be prorated by an amount which reduces the allocation to each ac-
3 count in equal proportion, and the prorated amounts shall be allocated
4 to those accounts.

5 * Sec. 3. AS 29.95 is amended by adding a new section to read:

6 Sec. 29.95.500. DEFINITIONS. In this chapter,

7 (1) "basic services" means

8 (A) municipal administration, finance, and planning;

9 (B) police protection;

10 (C) fire protection;

11 (D) environmental pollution control;

12 (E) solid waste collection and disposal;

13 (F) land use planning;

14 (G) parks and recreation;

15 (H) road and street maintenance;

16 (I) hospitals;

17 (J) health facilities;

18 (K) airports;

19 (L) ports; and

20 (M) small boat harbors; and

21 (2) "department" means the Department of Community and Re-
22 tional Affairs.

23 * Sec. 4. AS 44.47.130(4) is amended to read:

24 (4) formulate and conduct a program to finance capital proj-
25 ects, operating expenses of capital projects, and services in unincorpu-
26 rated communities in the unorganized borough , OF CONSTRUCTION OF BASIC
27 FACILITIES] to improve health, welfare, and economic security and pro-
28 vide employment and income [in THE RURAL AREAS];

29 * Sec. 5. AS 44.47.140 is amended to read:

1 Sec. 44.47.140. LIMITATIONS. A program of the department under
2 AS 44.47.130 in a rural area may not exceed \$100,000 for each unincorpo-
3 rated community for each year. A project may be financed under AS 44.-
4 47.130 only if an applicant submits an application in writing to the de-
5 partment [IN COST A YEAR].

6 * Sec. 6. AS 44.47 is amended by adding new sections to read:

7 Sec. 44.47.146. GRANT APPLICATIONS. (a) If more than one appli-
8 cation for assistance under AS 44.47.130(4) is received from an unincor-
9 porated community, the department shall review all applications received
10 and determine which of them will best meet the needs of the community
11 within the limitations for assistance established in AS 44.47.140.

12 (b) The department may not accept an application for a grant under
13 this chapter from an Alaska Native village council, unless the council
14 waives any immunity from suit which it might have. The waiver must
15 apply to all claims arising out of the activities of the council under
16 the grant contract, and it must be on a standard form provided by the
17 Department of Law. Neither this subsection nor any action taken under
18 it enlarges or diminishes such governmental authority or jurisdiction as
19 the various Alaska Native village councils might have.

20 Sec. 44.47.147. ACCOUNTABILITY OF FUNDS. If the commissioner
21 finds that a recipient has used money for a purpose other than the pur-
22 pose set out in an application or other agreement which establishes the
23 purpose of the project under AS 44.47.130, the commissioner may withhold
24 the payment of any money to which the recipient is entitled for programs
25 administered by the department.

26 Sec. 44.47.148. DEFINITION. In this chapter, "unincorporated com-
27 munity" means a place in the unorganized borough which is not incorpo-
28 rated as a municipality under AS 29 and in which 25 or more persons re-
29 side as a social unit. The place must be open to unrestricted access by

1 the public, be independent if it is contiguous to a municipality, and
2 not be a place provided by an employer and composed totally of persons
3 who are required to reside there as a condition of their employment.

4 * Sec. 7. INTENT AS TO APPROPRIATIONS. (a) The legislature intends that
5 the total appropriation available for distribution to municipalities and
6 other recipients under AS 29.88 -- AS 29.95, for the fiscal year ending June
7 30, 1984 and for each fiscal year after that, be increased by the same per-
8 cent as the amount set out in art. IX, sec. 16, of the Alaska Constitution
9 increases for that fiscal year.

10 (b) The legislature intends that appropriations, other than as des-
11 cribed in (a) of this section of state money for basic services as defined in
12 AS 29.95.500(1), enacted in sec. 3 of this Act, be reduced for the fiscal
13 year ending June 30, 1984 and for each fiscal year after that by the per-
14 centage of increase determined for that fiscal year for state appropriations
15 under art. IX, sec. 16, of the Alaska Constitution.

16 * Sec. 8. AS 29.89.050 and AS 43.20.016 are repealed.

17 * Sec. 9. Section 7 of this Act is repealed.

18 * Sec. 10. Sections 1, 3 -- 6, and 8 of this Act take effect on the first
19 day of the fiscal year for which \$140,851,300 or more is appropriated for
20 distribution among AS 29.88.035, AS 29.89.080, and AS 29.90.020.

21 * Sec. 11. Section 2 of this Act takes effect July 1, 1982.

22 * Sec. 12. Section 7 of this Act takes effect July 1, 1983.

23 * Sec. 13. Section 9 of this Act takes effect July 1, 1987.



Box 1210 602 Railroad Avenue
Cordova, Alaska 99574
Phone: (907) 424-3237
or 424-3238

"The Friendly City"

March 18, 1982

James A. Poor
Mayor

Perry D. Lovett,
Manager

Donna M. Sherby,
Clerk / Treasurer

Council Members
Don Nerrance
Jay Iivium
Richard Groff
H.J. Kogchak
Garry Purvis
Joe Gunderson

Representative Patrick M. O'Connell
Chairman, Community & Regional Affairs
Pouch V
Juneau, AK 99811

RE: HB 746

Dear Representative O'Connell:

We have reviewed the subject bill and have a few comments.

1. Section 1(a) Question the increase from \$25,000 to \$100,000 as minimum entitlement. The per capita grant under the increased minimum is grossly out-of-balance for some very small communities.
2. Section 44.47.140 Limitations. Have the same argument based on per capita.

Philosophically, we question any municipal assistance to an unincorporated community. We believe that the expenditure of public funds should be done under the direction of an elected body such as a borough assembly or City Council. To permit public funds to be expended based on an application of a few people will eventually cause the legislature more problems than you really want to be exposed to. This opinion is formed from discussions with DOT/PF on the spending of Local Road and Trail Funds in the unincorporated areas of the unorganized boroughs.

To place up to \$100,000 per year in each unincorporated community would discourage any effort of the community to incorporate and have an elected representative government, whereas on the other hand, to eliminate funding of unincorporated areas would give those areas incentive to form organized governments.

We thank you for permitting us an opportunity to comment on HB 746.

Very truly yours,


Perry D. Lovett
City Manager

cc: Representative Bette Cato



CITY OF DILLINGHAM

MAR 22 RECD

P.O. BOX 191

DILLINGHAM, ALASKA 99576

TELEPHONE (907) 842-5211 or 842-5212

March 17, 1982

Rep. Patrick M. O'Connell
Chairman, Community & Regional Affairs
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Rep. O'Connell:

Re: HB746

This is in reply to your letter addressed to the Mayor of Dillingham.

Page I HB746

The City of Dillingham has no real problems since it does have active governmental staffing.

Page II

Item (5) spending restrictions are a problem. This city reduced its tax mill rate 7 mills to be in compliance with legislators request that any increase in municipal aide should result in reduction of tax burden. Our tax revenues could be used for any services or capital projects desired. It seems unfair to now place restrictions on substitute revenues.

Sec. 29.95.040. Guaranteed Minimum Assistance should be based on amount received June 30, 1982. This city has tried to make everything possible pay its own way. This was distorted by increased municipal aide in 1983.

Page III A.S. 44.47.130(H)

As a manager I believe the state must be very careful in granting operation money for capital projects. It encourages capital projects which a city could not otherwise afford to operate. Should the state stop this leaves a "White Elephant". Example: New Senior Citizen Centers versus reduction elderly program funds.

Page IV Sec. 44.47.146

I only hope that any reviewing department would know what actually is needed by the community. Sometimes there appears to be a severe case

of breakdown in communication. I use as an example of this three 1982 Senate Bills introduced without knowledge of the governing board of this community.

Summary

My suggestion would be a meeting of the minds between fiscal expertise including small community, large community and state, statistical expertise involving Alaska Municipal League and Dept. Community & Regional Affairs along with Administrative expertise both State and local. Toss proposed bills around and listen to all sides. I can assure you communities are different, each one having various needs and viewpoints. Its unfair to set policy without overall view.

Thank you very much for your giving us this opportunity to comment.

Sincerely,

Laura M. Schroeder

Laura M. Schroeder
City Manager



CITY OF KENAI
"Oil Capital of Alaska"

P. O. BOX 580 KENAI, ALASKA 99611
TELEPHONE 283 - 7535

MAR 22 REC'D

March 15, 1982

Honorable Pat O'Connell
Representative, Alaska State House
Pouch V
Juneau, AK 99811

Dear Pat:

In response to your recent letter asking for comment on State Revenue Sharing and Municipal Assistance Funding, I am pleased to offer the enclosed "paper" which I presented to the Committee of Mayors working on this matter.

The key points are:

- I. State owns or has a prior position in control and taxation of our natural resources. Municipalities in Alaska do not have variety of tax mechanisms available to tax the natural resource wealth with the big exceptions being North Slope and Kenai Boroughs and the City of Valdez.
- II. State and Municipalities are sharing in providing of defined essential services through Revenue Sharing.
- III. Municipal Assistance at State and Municipal level should be reflective of increase and decrease in economic activity.
- IV. State Revenue (Service) Sharing should be permanent, determinable and grow with population and need for services and should therefore be distributed on per

TO: Rep. O'Connell

- 2 -

March 15, 1982

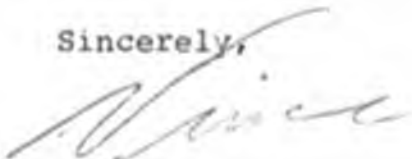
capita basis. Municipal Assistance should vary as to amount determined from economic activity base and should be distributed based on formula which reflects municipality's contribution to economic activity.

As you can see, I am not inclined to merge these two income streams into one. I am not in favor of a merger as to source nor as to method of distribution.

These are my views which have been reviewed by the City Council. The Conference of Mayors appear to lean toward a merger of the two.

I hope these thoughts assist in the deliberations.

Sincerely,



Vincent O'Reilly
Mayor

VOR:jw

Enclosure

City of Soldotna

BOX 409

PHONE 262-9107

SOLDOTNA, ALASKA 99669



CITY OF OPPORTUNITY

March 15, 1982

The Honorable Rep. Patrick M. O'Connell
Chairman
Community & Regional Affairs
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Representative O'Connell:

Mayor Maile and I have very thoroughly reviewed HB746 with all its references to AS.29, etc.

We feel that after thorough study, HB746 is acceptable as introduced.

Sincerely,

A handwritten signature in cursive script that reads "Barbara Erickson".

Barbara Erickson
Administrative Assistant

BE/mjd



THE HEART OF THE MATANUSKA VALLEY

CITY OF PALMER

COUNCIL-MANAGER GOVERNMENT
P.O. BOX 1368 • PHONE (907) 745-3271
PALMER, ALASKA 99645

MAR 22 1982

March 15, 1982

The Honorable Patrick M. O'Connell
Chairman, Community and Regional Affairs
Pouch V
State Capitol
Juneau, Alaska 99811

RE: HB 746

Dear Representative O'Connell,

In reviewing HB 746, the City of Palmer concurs with the consolidation of all types of municipal assistance into one and at the same time establishing one formula for its distribution.

The present distribution of municipal assistance under various entitlements make the budgetary process difficult to say the least because of so many unknowns.

By requiring municipalities to provide three (3) basic services, this will help to ease the burden on state agencies now providing some of the services. In the present state of municipal assistance it is unequitable for those who tax themselves to continually receive a disproportionate share in relationship to services actually provided.

We encourage the adoption of HB 746 establishing a unified municipal assistance distribution and setting forth annual entitlement increases to be the same as the amount allowed by the Alaska Constitution.

Should you have any questions, please contact me.

Yours truly,

David L. Soulak
City Manager
City of Palmer

DLS/cac

cc: Representative Pat Carney
Senator Jalmar Kerttula



Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 745-3246

BOROUGH ATTORNEY'S OFFICE

February 23, 1982

Rep. Patrick M. O'Connell, Chairman
Community and Regional Affairs Committee
Pouch V, Mail Stop 3100
Juneau, Alaska 99811

Dear Rep. O'Connell:

COMMENTS ON HOUSE BILL 746

The following comments and concerns are the product of a brief review of HB746, introduced 2/10/82 and before CARRA Committee. It is hoped that these comments will be of help to others in reviewing this bill.

1. Section 1 of the bill increases the minimum annual entitlement of every municipal government in the State from \$25,000 to \$100,000, plus a cost-of-living differential. The effect of this increased allocation is to divide revenue sharing funds by government rather than by population served. With an estimated 140 boroughs and cities in Alaska, \$14 million would be divided without regard to population or to the tax base available to these municipalities. Any reduction in appropriations to municipal revenue sharing will be cut from the population formula entitlements first. Additional funding in future years would go first to meeting the \$100,000 minimum entitlement.

This formula would promote fragmentation of government and is a disincentive to unification of small local governments. This is contrary to the purpose of Article X of the Alaska Constitution "to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions." Current Municipal Assistance and revenue sharing disbursements are based primarily on population served and also on the wealth from which local taxes may be drawn. The proposed formula would emphasize instead assistance to the government and de-emphasize assistance to the residents of its jurisdiction.

2. Section 2 adds new section AS 29.95.040, which appears to guarantee no decrease in revenue sharing assistance to any municipality. In fact, since no commitment can be made for future legislatures to appropriate funds, the effect of this section is to lock in the proportional share of revenue sharing to which each government is entitled, regardless of future changes in relative population or tax base.

3. Because the bill repeals the municipal assistance program (AS 43.20.016), nearly all state aid to Local governments would appear to go through the formula in AS 29.88.010:

$$\text{Entitlement} = \text{Population} \times \frac{\text{Locally generated revenues}}{.001 \times \text{Local assessed value}}$$

This formula, based on local effort, is directly proportional to the mill rate because it includes "locally generated revenues" in the formula. This formula is intended to aid those localities which are willing to help themselves, and it provides an incentive for local effort. However, the effect is to penalize greatly any local government which cuts its mill rate. This appears to be contrary to the intent of current AS 43.20.016(d) to promote reduction of tax levies.

Thank you for the opportunity to comment on this bill.

Very truly yours,



Steven H. Morrissett
Borough Attorney

ys

cc: Ginny Chitwood, Director, AML
Gary Thurlow, Borough Manager
MatanuskaSusitna Borough Assembly Members

HAINES BOROUGH

P.O. BOX H
HAINES, ALASKA 99827

March 11, 1982

The Honorable Patrick M. O'Connell, Chairman
Community and Regional Affairs
Pouch V
Juneau, Alaska 99811

Dear Representative O'Connell:

Thank you for your letter of 8 March concerning HB 746. I do find some difficulty in fitting my Third Class Borough within its present structure.

Section 1 (a)(5) requires that at least 50% of the payment received under this section for the previous fiscal year or at least three "basic services" which the municipality has the power to p

Section 3(1) gives the definitions of "basic services". Much of our funds are spent on "education". Not only do we supplement our school, but also support educational facilities such as library, museum, and the center for the arts. I believe other boroughs would also provide funds for education as a "basic service". I also feel that "taxation" is another basic service. We employ an assessor to assess all our real property; we maintain an office for the assessor, and he in turn maintains property maps which are available for public use.

I would thus like to see added:

Section 3 Definitions
(N) Education
(O) Taxation

I believe if this addition was to be made, we would have no problem with HB 746, but as it now stands we can only provide two of the listed "basic services", namely (A) and (C). The Third Class Borough does not have the power to provide any of the others in the list.

Sincerely yours,

R. E. Henderson
R. E. Henderson
Mayor

REN/alp

Municipality of Anchorage



POUCH 6-650
ANCHORAGE, ALASKA 99502-0650
(907) 264-4111

TONY KNOWLES,
MAYOR

DEPARTMENT OF MANAGEMENT & BUDGET

April 6, 1982

Representative Patrick M. O'Connell
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Representative O'Connell:

Thank you for this opportunity to comment on HB746 relating to the State Revenue Sharing and Municipal Assistance programs.

With the elimination of most categorical entitlements when the State Revenue Sharing program was completely revamped in 1980, there is no reason to have a separate State Revenue Sharing program and a separate Municipal Assistance program.

The question then becomes as to how the two programs should be combined. HB746 would eliminate the Municipal Assistance program and fund the current State Revenue Sharing at a level commensurate with the combined total of the current two programs. SB797, on the other hand, would eliminate most of the State Revenue Sharing program and fund the current Municipal Assistance program (modified to add an area cost differential to the population distribution) at a level commensurate with the combined total of the current two programs.

While we feel that the basic intent of both HB746 and SB797 is good, there are a number of concerns which should be addressed in any legislative decision affecting State Revenue Sharing/Municipal Assistance. These include:

- o Adequate funding must be provided to Alaskan municipalities to prevent local tax increases and to maintain existing services.
- o The method of distribution must be fair.
- o Maximum local control must be maintained over how the funds are to be used.
- o Adequate transition measures must be taken to protect municipalities who might receive less under a new formula program.