

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 8672

1321 HHESS HB 65 - HB 91 1321

"An Act Relating to Alcoholic Beverages, and providing for an effective date."

The amendments contained in Sections 4-9 of this bill were prepared in response to considerable written and verbal observations of rural Alaska residents who had attempted to conduct local option elections under the provisions of Title 4 which was enacted in 1980. Passage of these sections should clear up misunderstanding and allow increased flexibility and effectiveness in carrying out the original intent of these sections of the Alcoholic Beverage Control Statute. (Attached is a resolution from the Rural Violence Conference held in April this year)

Section 10 of this bill clarifies that the local governing body rather than the Lieutenant Governor, shall conduct the election in accordance with the election ordinance of the municipality and enables them to do so at a regular or special election.

The Department of Health and Social Services is highly supportive of Sections 4-10 of CSSB 65 and views its enactment as an effective strategy for reducing alcohol related health and public safety problems in rural Alaska.

Recommended by: Robert L. Cole by Loren Jones
Robert L. Cole
Coordinator
Office of Alcoholism/
Drug Abuse

Date: 5/19/81

Approved: Helen D. Beirne
Helen D. Beirne
Commissioner
Dept. of Health and
Social Services

Date: 5/19/81

RESOLUTION FROM RURAL VIOLENCE CONFERENCE

Whereas we representative native Alaskans from across the State, many from smaller villages, gathered in Juneau April 24-26 at the invitation of the Commissioner of Health and Social Services to assess ways to help our people possess a healthier self image and more self reliance, and

Whereas all of us present acknowledged that substance abuse, especially of alcohol, is a particularly serious problem in village settings, and must be addressed from many perspectives, including individual and group responsibility to make choices on how to live well, healthy, and wholesome lives, and

Whereas we were addressed at length on the nature of SB 65 (and amendments) and believe it to be a step in the right direction for people in the villages to have State legal support whenever they may choose by local option to control the sale and bringing of alcohol into a village, and

Whereas it is believed that because of the severe nature of alcohol abuse in the villages (2nd class cities) should be allowed to hold special elections as prescribed by municipal election procedures rather than waiting for the general election in the fall, and

Whereas it is believed that liquor licenses should be invalidated 90 days after the election has been certified so that villages do not have to wait until December 31st of that year, and

Whereas it is known that a number of communities have already sent petitions to the Division of Elections concerning Title IV local option law and request prompt action from the State as soon as the amendments to SB 65 becomes law, and

Whereas we discussed our support for the alcohol programs throughout Alaska and urge continued funding for these services, and

THEREFORE BE IT RESOLVED that we urge the First Session of the 12th State Legislature to act on SB 65 and refunding of the alcohol programs as a means to support and encourage the welfare, health, and self reliance of Alaskans in small communities and villages.

Juneau April 24-26, 1981

Mary Edvardson	Box 211	Barrow Alaska
Sadie Neakok	Box 276	" "
North J Jack	Box 825	Bethel, Alaska
Katherine Kobuk	Gen. Del.	St. Michael, Ak 9965
Georgianne Quasogik	Gen Del	Koyuk, Ak 99753
Willa Ashenfelter		White Mountain, Ak 99784
Irene Autongak		Salomon, Ak. 99762
David Salmon		Chalkyitsik Ak 99788
Maggie H. H. H.		
Augie Hobson	Box 256 P	Katzebue Alaska 99752
Anna Frank	1302 21st	Fairbanks .. 99701
Prof. T. Hanson	Box 12	Dillingham aka
Jim D. D.	1065 Cherry St.	Anchorage, Ak 99504
Rene Astruc	Emmonak.	Ak 99581

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 65
 Title An Act Relating to Alcoholic Beverages, and providing for an effective date.
 Requested by Commissioner's Office, DHSS Date May 19, 1981

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected Alcoholism and Drug Abuse
 BRU, Program, or Subprogram(s) Affected Administration

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		-0-				
200 TRAVEL		-0-				
300 CONTRACTUAL		-0-				
400 COMMODITIES		-0-				
500 EQUIPMENT		-0-				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS, ETC.		-0-				
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND		-0-				
FEDERAL FUNDS		-0-				
OTHER (Specify Fund Source)		-0-				
		-0-				
		-0-				

POSITIONS

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

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

IV. DATE May 19, 1981 PREPARED BY Robert L. Cole *RLC by Loren Jones*
 AGENCY Alcoholism/Drug Abuse
 PHONE 586-6201
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

John Anderson
5/19/81

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

May 1, 1981

JAY S. HAMMOND, GOVERNOR

POUCH H 01
JUNEAU, ALASKA 99811
PHONE:

Document# 121-81

The Honorable Donald E. Clocksin
House of Representatives
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

*F SB 65
relating
to Alcoholic Bev.*

Dear Mr. Clocksin:

The Department was pleased to host a conference in Juneau on April 24-26, 1981 on rural violence prevention. Representatives from virtually all parts of rural Alaska attended. The purpose of the conference was to plan ways to strengthen self-image and self-reliance of Alaska's rural population.

The conference was an extremely exciting one and much information was exchanged. Alcohol and drug abuse appeared to be fairly persistent problems for rural communities, taking their toll in increased numbers of violent deaths, family problems, suicides, and accidents. Because of the seriousness of these problems, strong feelings regarding the need to strengthen local options to control the sale and transportation of alcohol into a village were expressed. The group passed a resolution in support of alcohol programs and SB 65 which permits special elections to be held to vote on opting to go "dry", rather than waiting for the general election to be held each fall. We have attached a copy of that resolution and the list of participants, as well.

We, too, join with the participants of this conference in acknowledging the seriousness of the problem of alcoholism in our state. We look forward to working with you to find solutions to Alaska's number one health problem.

Sincerely,

Helen D. Beirne

Helen D. Beirne
Commissioner

Participants to Rural Violence Prevention Conference

April 24-26 Juneau Alaska

American Legions Conference Room, 339 Franklin Street

Sadie Neakok	Barrow
Mary Edwardsen	Barrow
Della Keats	Kotzebue
Augie Hoffman	Kotzebue
Minnie Norton	Kotzebue
Max Brown	Sitka
Olof Hansen	Dillingham
Samuel Smith	Bethel
Willa Ashenfelter	White Mountain
Georgenne Anasogak	Koyuk
Katherine Kobuk	St. Michaels
Irene Aukongak	Golovin
David Salman	Chalkyitsik
Jim Sozoff	Anchorage - Facilitator
Martha Jack	Bethel
Nancy Davis	Sitka
Anna Frank	Fairbanks
Mary Mc Quillan	Port Townsend, WA
Rene Astruc	Emmonak
Dale Sarles	Juneau - Facilitator
Elizabeth Kubler-Ross	Escondido, CA
Carole Baekley	Anchorage

Representatives from Dept. of Health & Social Services

Helen D. Beirne	Commissioner
Allen Korhonen	Dep. Commissioner, Management Services
Verner Stillner, M.D.	Director, Mental Health & Dev. Dis.
Charles Campbell	Director, Adult Corrections
Bob Cole	Director, Alcoholism & Drug Abuse
Liz Muktarian	Director, Adult & Aging Services
Betsy McGuire	Coordinator, Domestic Violence
Nina Kinney	Soc. Serv. Program Coordinator
Nils Annerud	Coordinator, Prev/Holistic Health
Lois Bergerson	Chief of Nursing, Public Health
Bella Hammond	Alaska's First Lady, Juneau
Dixie Belcher	Pres. AK. Hol. Health Ass., Juneau
Jim Messick	Public Safety, Anchorage
Caren Robinson	Rep. Dom. Violence, Juneau
Maureen Conerton	Rep. Dom. Violence, Juneau
Penny Holden	SEARHC, Juneau
Bill Richards, M.D.	Alaska Area Nat. Health Services, Anchorage
Donna Lindstedt	Seattle, WA
Ellen Campbell	Juneau
Barbara Thorn	Anchorage

H B

76

COMMITTEE REPORT

HOUSE

2/4/81

FURTHER: FINANCE

(5)

Date: June 2, 1981

Mr. Speaker:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had HB 76

"An Act establishing the Legislative Regional Educational Attendance Area Budget Oversight Committee as a permanent interim committee of the legislature, and defining its powers and duties; 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 HB 76 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]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]
 CHAIRMAN

THE REAA BUDGET OVERSIGHT COMMITTEE WAS CREATED BY THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE ON FEBRUARY 7, 1980 TO "PROVIDE ACCOUNTABILITY FUNCTIONS (FOR THE REAAS) SIMILAR TO THAT WHICH MUNICIPALITIES EXERCISE OVER THEIR LOCAL DISTRICTS". ALTHOUGH THE REAAS HAVE LOCALLY ELECTED SCHOOL BOARDS WHICH ARE RESPONSIBLE FOR ADMINISTRATIVE AND EDUCATIONAL DECISIONS WITHIN THEIR DISTRICTS - AS THE GOVERNING BODY FOR THE UNORGANIZED BOROUGH, THE LEGISLATURE IS ULTIMATELY RESPONSIBLE FOR THE EXPENDITURE OF STATE FUNDS IN THE REAAS.

THE REAA BUDGET OVERSIGHT COMMITTEE CONDUCTED MEETINGS WITH ALL 21 OF THE REAAS DURING THE SUMMER OF 1980. AT ITS OCTOBER 17, 1980 MEETING, THE COMMITTEE ACCEPTED A MOTION THAT IT CONTINUE IN ITS FUNCTION TO REVIEW ALL REAA BUDGETS, RECOMMEND LEGISLATIVE CHANGES TO MAKE CERTAIN THAT FUNDING LEVELS ARE FAIR AND EQUITABLE, AND IN LINE WITH OTHER EDUCATIONAL LEVELS IN ALASKA, AND TRAVEL TO THE REAAS TO OBSERVE THE STATUS FIRST HAND.

TWO VOLUMES CONTAINING THE ACTIVITIES OF THE REAA BUDGET OVERSIGHT COMMITTEE DURING THE INTERIM OF 1980

HAVE BEEN PRESENTED TO THE CHAIRMAN OF THE HOUSE
HESS COMMITTEE.

6/2/87 passed out.

5/29/87

REAA

Original sponsor: Moss

BY THE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 76 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 / BILL

6 For an Act entitled: "An Act relating to education in the unorganized
7 borough: establishing community school committees in
8 regional educational attendance areas, establishing
9 the Legislative Regional Educational Attendance Area
10 Budget Oversight Committee as a permanent interim
11 committee of the legislature; and providing for an
12 effective date."

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

14 * Section 1. AS 14.08 is amended by adding new sections to read:

15 Sec. 14.08.173. COMMUNITY SCHOOL COMMITTEES. (a) There is
16 established a community school committee in each community and military
17 reservation served by a school operated by a regional educational
18 attendance area. If the regional educational attendance area school in
19 a community or military reservation has an average daily membership of
20 less than 251 pupils, the community school committee consists of three
21 members. If the average daily membership is more than 250 pupils, the
22 community school committee consists of five members. This section does
23 not apply in a regional educational attendance area which serves only
24 one community or military reservation.

25 (b) If a community or military reservation qualifies for a three-
26 member community school committee under (a) of this section, the quali-
27 fied voters of that community or military reservation may increase the
28 committee to five members by referendum conducted at an election coin-
29 ciding with an election for community school committee members. If a

1 community or military reservation qualifies for a five-member community
2 school committee under (a) of this section, the qualified voters of
3 that community or military reservation may increase the committee to
4 seven members by referendum conducted at an election coinciding with an
5 election for community school committee members.

6 (c) The election of community school committee members shall be
7 held at the same time as regular municipal elections in the second
8 class city having the largest population in the regional educational
9 attendance area. If there is no second class city within the regional
10 educational attendance area, the election shall be held on an annual
11 election date fixed by regulation adopted by the department.

12 (d) An election under (b) or (c) of this section shall be con-
13 ducted substantially in the same manner as a regular municipal election
14 which is held within the largest second class city in the area served
15 by the regional educational attendance area. If there is no second
16 class city within the regional educational attendance area, an election
17 shall be conducted under general rules established by regulation of the
18 department. An election under this section shall be administered
19 within a second class city as part of the regular municipal election,
20 and shall be administered by the regional school board in the area
21 outside second class cities.

22 (e) A member of a community school committee is subject to recall
23 in accordance with the provisions of AS 29.28.130 - 29.28.250. When
24 recall of a member of a community school committee is proposed, the
25 chief school administrator of a regional educational attendance area
26 performs the functions of the municipal clerk, and the regional school
27 board performs the functions of the assembly or council under AS 29.28.-
28 130 - 29.28.250.

29 Sec. 14.08.178. QUALIFICATIONS OF COMMUNITY SCHOOL COMMITTEE

1 VOTERS AND MEMBERS. (a) To qualify to vote at an election for com-
2 munity school committee members a person must be

3 (1) a citizen of the United States;

4 (2) 18 years of age or older;

5 (3) a registered voter who resides in the area served by the
6 school.

7 (b) To qualify to serve on a community school committee, a person
8 must qualify to vote under (a) of this section.

9 (c) Election to a community school committee is not an election
10 to a civil office of the state.

11 Sec. 14.08.183. TERMS OF OFFICE AND VACANCY. (a) The terms of
12 the initial members of a three-member community school committee are
13 one, two, and three years, respectively. Each initial member serves
14 until a successor takes office. Thereafter, a member is elected for a
15 term of three years and until a successor takes office.

16 (b) Of the initial members of a community school committee which
17 consists of five members, one member is elected for a one-year term,
18 two members for a two-year term, and two members for a three-year term.
19 Each initial member serves until a successor takes office. Thereafter,
20 a member is elected for a term of three years and until a successor
21 takes office.

22 (c) If a three-member community school committee is increased to
23 a five-member committee, the two additional members are elected for
24 terms of two years and three years respectively. Thereafter, a member
25 is elected for a three-year term. If a five-member committee is in-
26 creased to a seven-member committee, the two additional members are
27 elected for terms of two years and three years respectively. There-
28 after, a member is elected for a three-year term.

29 (d) When required under (c) - (c) of this section, members of a

1 community school committee shall choose lots to determine the length of
2 the term which each initial member shall serve.

3 (e) A vacancy on a community school committee is filled by ap-
4 pointment by the remaining members of the committee. A person appointed
5 to fill a vacancy serves until the next regular election. At that time
6 an election of a member will be held with the person elected to serve
7 for the remaining portion of the term.

8 Sec. 14.08.188. POWERS. A community school committee may

9 (1) review all information available to the regional school
10 board pertaining to curriculum, program, employment of staff, budget,
11 and general operation of the school or schools in the community or
12 military reservation for which the community school committee is estab-
13 lished;

14 (2) make recommendations to the regional school board con-
15 cerning curriculum, program, employment or retention of staff, budget,
16 and general operation of the school or schools in the community or
17 military reservation for which the community school committee is estab-
18 lished;

19 (3) review pertinent information and make recommendations
20 to the regional school board concerning the employment or retention of
21 the chief school administrator of the regional educational attendance
22 area;

23 (4) delegate one of its members to attend any meeting of the
24 regional school board; and

25 (5) exercise additional powers as may be delegated by the
26 regional school board.

27 * Sec. 2. AS 14.08.111 is amended by adding a new paragraph to read:

28 (9) reimburse each member of a community school committee
29 for costs incurred in attending a meeting of a regional school board.

1 * Sec. 3. AS 24.20 is amended by adding new sections to read:

2 ARTICLE 5. LEGISLATIVE REGIONAL EDUCATIONAL
3 ATTENDANCE AREA BUDGET OVERSIGHT COMMITTEE. ✓

4 Sec. 24.20.600. LEGISLATIVE REGIONAL EDUCATIONAL ATTENDANCE AREA
5 BUDGET OVERSIGHT COMMITTEE ESTABLISHED. The Legislative Regional
6 Educational Attendance Area Budget Oversight Committee is established
7 as a permanent interim committee of the legislature.

8 Sec. 24.20.605. MEMBERSHIP AND ORGANIZATION. (a) The committee
9 is composed of six members. The chairman of the health, education and
10 social services committee of each house of the legislature shall be
11 members of the committee. Two members of the committee shall be
12 members of the house of representatives appointed by the speaker of the
13 house. Two members of the committee shall be members of the senate
14 appointed by the president of the senate. At least one member from the
15 house of representatives shall represent an election district in which
16 more than 10 percent of the registered voters are qualified to vote in
17 elections for regional school board members under AS 14.08.071. At
18 least one member from the senate shall represent a senate district in
19 which more than 10 percent of the registered voters are qualified to
20 vote in elections for regional school board members under AS 14.08.071.

21 (b) The chairman of the health, education and social services
22 committee of the house of representatives is the chairman of the com-
23 mittee.

24 (c) The membership of the committee from each house of the legis-
25 lature shall include at least one member from each of the two major
26 political parties.

27 (d) The committee shall organize within 15 days after the organi-
28 zation of each legislature. A member of the committee serves for the
29 duration of the legislature during which he is appointed. If a member

1 is reelected or his term of office extends into the next succeeding
2 legislature, the member continues to serve until reappointed or until
3 his successor is appointed.

4 (e) If a member of the committee files a declaration of candidacy
5 for an elective office other than that of a member of the legislature
6 and he has not resigned his membership on the committee, his committee
7 membership terminates on the date he files for the elective office.

8 (f) When a vacancy occurs in the membership of the committee, the
9 presiding officer of the house from which the vacancy is incurred shall
10 choose a successor to serve as a member of the committee for the unex-
11 pired portion of the term of the member first appointed.

12 Sec. 24.20.610. MEETINGS OF THE COMMITTEE. (a) The committee
13 may meet during sessions of the legislature and during the interim
14 between legislative sessions. The committee may meet at any time and
15 in any place in the state as the chairman of the committee determines.

16 (b) A member of the committee may receive, for the minimum time
17 required to travel to and return from meetings of the committee and for
18 the time while attending meetings, the same travel and per diem allow-
19 ances provided by law for members of the legislature while attending
20 sessions of the legislature. However, members of the committee may not
21 receive a per diem allowance for attending a meeting which is held at
22 the state capital while the legislature is in session other than the
23 per diem allowance paid to legislators under AS 24.15.010.

24 Sec. 24.20.615. DUTIES AND POWERS OF THE COMMITTEE. (a) The
25 committee shall

26 (1) organize and adopt rules for the conduct of its busi-
27 ness, and prescribe procedures for its work;

28 (2) review appropriations requested by the Department of
29 Education for the operating expenses of regional educational attendance

1 areas;

2 (3) review appropriations requested by the Department of
3 Education and the Department of Transportation and Public Facilities
4 for capital improvements for regional educational attendance areas;

5 (4) recommend to the legislature annual appropriations for
6 regional educational attendance areas so as to assure that the amounts
7 appropriated for regional educational attendance areas are equitable
8 and consistent with amounts appropriated for city and borough school
9 districts;

10 (5) coordinate its work with community school committees to
11 obtain information about the school and educational programs from
12 community school committees, parents, and residents of communities
13 having regional educational attendance area schools.

14 (b) The committee may

15 (1) hold public hearings, administer oaths, issue subpoenas,
16 compel the attendance of witnesses and production of papers, books,
17 accounts, documents, and testimony, and have the deposition of wit-
18 nesses taken in a manner prescribed by court rule or law for taking
19 depositions in civil actions;

20 (2) require state officials and agencies of state government
21 and officers and members of school boards of regional educational
22 attendance areas to give full cooperation to the committee in assemb-
23 ling and furnishing requested information;

24 (3) present information concerning appropriations for re-
25 gional educational attendance areas to community school committees and
26 to the finance committees of the house of representatives and senate;

27 (4) work with the Department of Education and community
28 school committees to review appropriation requests, the expenditure of
29 state money, and the relationship between program expenditures and

1 program accomplishments for regional educational attendance areas; and

2 (5) travel to regional educational attendance area schools
3 to inspect facilities and to consult with officers and employees of
4 regional educational attendance area school boards, community school
5 committees, parents, and residents interested in matters relating to
6 public education.

7 Sec. 24.20.620. DEFINITIONS. In AS 24.20.600 - 24.20.620,

8 (1) "committee" means the Legislative Regional Educational
9 Attendance Area Budget Oversight Committee established under AS 24.20.-
10 600;

11 (2) "community school committee" means a committee estab-
12 lished under AS 14.08.173 - 14.08.188;

13 (3) "regional educational attendance area" means the educa-
14 tional service areas established in the unorganized borough under
15 AS 14.08.031.

16 * Sec. 4. AS 14.08.115 is repealed.

17 * Sec. 5. CONVENING OF FIRST LEGISLATIVE REGIONAL EDUCATIONAL ATTENDANCE
18 AREA BUDGET OVERSIGHT COMMITTEE. The members of the Legislative Regional
19 Educational Attendance Area Budget Oversight Committee first appointed under
20 AS 24.20.605(a), added by sec. 3 of this Act, shall be appointed within 15
21 days after the effective date of this Act.

22 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
23 10.070(c).

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Article 7. Consolidated School Districts.

Section
810—940. [Repealed]

Secs. 14.15.810—14.15.940.

Repealed by § 59 ch 97 SLA 1966, effective July 1, 1966.

Editor's note. — The repealed article
derived from §§ 1—11, 13, ch. 93, SLA 1963.

Article 8. Dissolution of School Districts.

Section
950—960. [Repealed]

Secs. 14.15.950—14.15.960.

Repealed by § 59 ch 98 SLA 1966, effective July 1, 1966.

Editor's note. — The repealed article
derived from §§ 1, 2, ch. 78, SLA 1949.

Chapter 17. Public School Foundation Program.**Article**

1. State Aid to Local School Districts (§§ 14.17.010—14.17.075)
2. Preparation of Public School Foundation Budget (§§ 14.17.080—14.17.150)
3. Procedure for Payment of Public School Foundation Funds to Districts (§§ 14.17.160—14.17.190)
4. General Provisions (§§ 14.17.200—14.17.250)

Article 1. State Aid to Local School Districts.**Section**

10. Public school foundation account
20. [Repealed]
21. State aid
22. Funds for centralized correspondence study
30. [Repealed]
31. Instructional units
40. [Repealed]
41. Table of allowable instructional units

Section

50. [Repealed]
51. Instructional unit allotment
56. Base instructional unit
60. [Repealed]
61. Supplemental programs
70. [Repealed]
71. Required local effort
75. [Repealed]

Sec. 14.17.010. Public school foundation account. (a) The public school foundation account is established. The account consists of appropriations for distribution to districts or for centralized correspondence study programs under this chapter.

(b) The money of the account may be used only in aid of public schools or for centralized correspondence study programs as provided by this chapter. (§ 1.08 ch 164 SLA 1962; am § 11 ch 95 SLA 1969; am § 2 ch 190 SLA 1975)

Effective date. — See effective date note following chapter analysis.

Sec. 37.14.110. Public school fund established. (a) There is established as a separate fund the public school fund.

(b) The principal of the fund established in (a) of this section consists of

(1) the balance of the public school permanent fund on July 1, 1978; and

(2) sums transferred under § 150 of this chapter.

(c) The income of the fund created in (a) of this section consists of the interest and dividends earned from investments of the principal of that fund under § 170 of this chapter. (§ 4 ch 182 SLA 1978)

Sec. 37.14.120. Public School Fund Advisory Board created. (a) There is created in the Department of Revenue the Public School Fund Advisory Board composed of the commissioner of the Department of Education, three members elected by the Board of Education from among its membership, and the commissioner of the Department of Revenue.

(b) The board created in (a) of this section shall elect a chairman from the membership of the board. Members serve without compensation but are entitled to per diem and travel expenses authorized by law for other boards. (§ 4 ch 182 SLA 1978)

Sec. 37.14.130. Powers and duties of board. The board created in § 120 of this chapter has the following powers and duties:

(1) to hold regular meetings and special meetings considered necessary;

(2) to have prepared an annual accounting of the principal and income of the fund established in § 110 of this chapter; and

(3) to prepare long-range investment plans for the fund established in § 110 of this chapter. (§ 4 ch 182 SLA 1978)

Sec. 37.14.140. Fund utilization. The principal of the fund established in § 110 of this chapter shall be retained in the fund for investment as specified in § 170 of this chapter. The income of the fund may not be appropriated for a purpose other than for the support of public education programs. (§ 4 ch 182 SLA 1978)

Sec. 37.14.150. Contributions. During each fiscal year the commissioner of the Department of Revenue shall transfer to the fund created in § 110 of this chapter a sum equal to one-half of one per cent of the total receipts derived from the management of state land, including amounts paid to the state as proceeds of sale or annual rent of surface rights, mineral lease rentals, royalties, royalty sale proceeds,

and federal
SLA 1978)

Ar
Section
160. Duties of
170. Investme

Effective da
following cha

Sec. 37.14.160. Commission created. (a) There is created a commission composed of the commissioner of the Department of Education, the commissioner of the Department of Revenue, and the commissioner of the Department of Natural Resources. (1) act as to those funds (2) receive (3) collect established accordingly (4) collect established reserve acc (5) invest § 170 of th

Sec. 37.14.170. Approval of investment. (a) The approval of the investment of the fund established in § 110 of this chapter, made from the surplus of surplus (b) The (1) invest (2) sell, investment (3) vote proxy or exercise a make paym reorganiza discretionary delegation respect to funds;

and federal general revenue-sharing payments or bonuses. (§ 4 ch 182 SLA 1978)

Article 4. Custody and Investment of Trust Funds.

Section

160. Duties of commissioner of revenue

170. Investments

Effective date. — See effective date note following chapter analysis.

Sec. 37.14.160. Duties of commissioner of revenue. The commissioner of revenue is the treasurer of the funds created in §§ 10, 60, and 110 of this chapter and shall

- (1) act as official custodian of the cash and securities belonging to those funds and provide adequate safe deposit facilities for each of them;
- (2) receive cash belonging to those funds;
- (3) collect the principal on securities acquired for each fund established under §§ 10, 60, and 110 of this chapter and credit each fund accordingly;
- (4) collect interest and dividends earned on investments of the funds established under §§ 10, 60, and 110 of this chapter and credit the income reserve account of each fund accordingly;
- (5) invest and reinvest the principal of each fund in accordance with § 170 of this chapter. (§ 4 ch 182 SLA 1978)

Sec. 37.14.170. Investments. (a) The commissioner of revenue, with the approval of each advisory board created in §§ 20, 70, and 120 of this chapter, may invest the principal of the funds created in §§ 10, 60, and 110 of this chapter in the same manner as specified for the investment of surplus pension funds under AS 39.35.110.

- (b) The commissioner of revenue may
- (1) invest and reinvest the principal of the funds;
 - (2) sell, exchange, convey, transfer, or otherwise dispose of investments of the funds by private contract or at public auction;
 - (3) vote upon a stock, bond, or other security; give a general or special proxy or power of attorney with or without power of substitution; exercise a conversion privilege, subscription right, or other option and make payments incidental to it; consent to or participate in a corporate reorganization or other change affecting corporate securities, delegate discretionary power, pay an assessment or charge in connection with the delegation; and generally exercise any of the powers of an owner with respect to stocks, bonds, securities, or other investments held in the funds;

Article 7. Consolidated School Districts.

Section
810-940. [Repealed]

Secs. 14.15.810-14.15.940.

Repealed by § 59 ch 98 SLA 1966 effective July 1, 1966.

Editor's note. — The repealed article derived from §§ 1-11, 13, ch. 93, SLA 1953.

Article 8. Dissolution of School Districts.

Section
950-960. [Repealed]

Secs. 14.15.950-14.15.960.

Repealed by § 59 ch 98 SLA 1966, effective July 1, 1966.

Editor's note. — The repealed article derived from §§ 1, 2, ch. 78, SLA 1949.

Chapter 17. Public School Foundation Program.

Article

1. State Aid to Local School Districts (§§ 14.17.010-14.17.075)
2. Preparation of Public School Foundation Budget (§§ 14.17.080-14.17.150)
3. Procedure for Payment of Public School Foundation Funds to Districts (§§ 14.17.160-14.17.190)
4. General Provisions (§§ 14.17.200-14.17.250)

Article 1. State Aid to Local School Districts.

Section

- 10. Public school foundation account
- 20. [Repealed]
- 21. State aid
- 22. Funds for centralized correspondence study
- 30. [Repealed]
- 31. Instructional units
- 40. [Repealed]
- 41. Table of allowable instructional units

Section

- 50. [Repealed]
- 51. Instructional unit allotment
- 56. Base instructional unit
- 60. [Repealed]
- 61. Supplemental programs
- 70. [Repealed]
- 71. Required local effort
- 75. [Repealed]

Sec. 14.17.010. Public school foundation account. (a) The public school foundation account is established. The account consists of appropriations for distribution to districts or for centralized correspondence study programs under this chapter.

(b) The money of the account may be used only in aid of public schools or for centralized correspondence study programs as provided by this chapter. (§ 1.08 ch 164 SLA 1962; am § 11 ch 95 SLA 1969; am § 2 ch 190 SLA 1975)

Title 15
Elections

Title 16
Fish and Game

Title 17
Public Schools

Title 18
Municipal Government

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ch.

Alaskan Education - Where do we go from here?

Alaska is the largest state in the nation and public education takes one of the largest bites from our state and community funds.

In today's time of anticipated big oil bucks, it doesn't seem that we should have any problem in providing a system of public education that would exceed even the wildest educators' dreams. However, I sometimes feel that these anticipated funds are at times a deterrent to our Alaskan education systems. Education is the development of the people's investment in its own future. A way of transmitting what they know and what they believe to future generations. As a result of millions in oil revenue, I think we are losing sight of this basic guideline. I can't help but recall an old saying from my childhood referring to a bunch of blind dogs in a meat house. The glorious smells of these millions of dollars is blinding us to our basic need of quality education for all Alaskans.

How do we go about obtaining a quality education for all areas in Alaska? This State, due to its size and difficulties in transportation and communication, is probably one of the most diverse, ethnically and economically speaking, states in the Union.

It is almost impossible to place a dollar value on the quality of education when comparing the urban with the rural-bush areas. At present for instance, the cost of educating a student in the big urban areas runs between 2 and 3 thousand dollars, in some of the more remote bush areas, it runs over 16 thousand per student. Urban legislators want to know why it costs so much more to educate in the bush than in the urban areas. The question also arises as to the quality of the education in the bush-rural area versus the urban areas. Here we are faced with the question as to what is our base for determining quality. Urban life style requires a quality education geared to survival in the urban areas. Rural-bush life style requires a quality of education geared to survival in both the bush and urban areas.

Rural-bush people want to know why they can't have all the extras that the urban areas appear to have available. At the same time, rural-bush people say that if they wanted the extras available in the urban areas they would move there. Rural-bush people complain at times about the qualifications of their teachers and administrators. At the same time other rural-bush people are extolling the abilities and virtues of their educators.

Part of the problem with new teachers or administrators may be factual. On the other hand, whose fault is it that these rural-bush educators are having difficulty in their respective positions? These people for the most part are highly educated and dedicated to their jobs. Some have just started in the education field, others have had a number of years in this, their life's work.

When hired, how many though were made aware of the hardships of living in the rural-bush areas? How many were aware that possibly their formal training or previous work experience might be different from what would be required of them in the rural-bush areas?

The creature comforts of a educator in the rural-bush area often have a drastic effect on the quality of education this person is able to deliver. It is pretty rough on a person who teaches school all day and then has to hurry home to cut wood or stop a roof leak, that is providing the person has a place they can call home. Dedication to your profession gets a little thin when you are constantly faced with physical discomforts!

The teachers faith in their previous education or work experience may also wear thin when they find they are faced with certain situations in educating youngsters in the rural-bush areas. In most cases, nobody told them about these situations or problems. Teacher turnover is high in the rural-bush areas. I think several of the reasons I have noted have a great bearing on this problem.

Each time you have a teacher or administrator turnover in either the urban or rural-bush area, it costs additional money. This again is more costly in the rural-bush area. To help correct some of these problems for the rural-bush districts, teachers and administrators, we should develop a "coming into the country" type of program.

Information and instructions as to how to cope with the physical life style in the specific area an administrator or teacher is assigned to should be made available. A specific course of instruction should be made available that addresses the basic and special needs of the area a teacher or administrator will be assigned to.

I noted earlier in this article we had to have a base line before we could determine a quality of education. I also noted that urban people had to be educated to survive in the urban areas, but that the rural-bush people had to be educated to survive in both urban and rural areas.

Rural-bush people want to continue their life style. To do so, they need to be taught subjects that relate to this life style in more detail than would be necessary in urban schools. At the same time they need to be taught subjects that would allow them to join in the main stream of urban life. If for no other reason than to not be labled a country bumpkin come to town. Most rural-bush people are more defensive of their life style than urban people. They want to keep their rural-bush heritage alive.

Urban schools should have more specific courses in the heritage and philosophy of the bush areas. This would allow a better understanding of bush people. It should help to alter their relationship with bush people. I sometimes feel we are like the two Americans visiting France for the first time. One of them commented to the other that there sure were a lot of foreigners in this country. We are not foreigners, we are all Alaskans and need not think some of our people are not Alaskans.

Education costs entails much more than just teaching. A school without teachers certainly would not be a place where a great deal of learning went on. But neither would a great deal of learning go on in a school without a roof, books, or a means to keep warm in the winter.

Construction and maintenance costs in materials in Alaska are the highest in the nation. Warm, well lighted, and comfortable facilities are conducive to better teaching and reception of what is being taught. We have a lot of facilities in the state. One nice thing is they all have running water and restrooms. The problem is that some of the school running water is obtained by running down to the river, pond, creek, or lake and chopping a hole in the ice to get it. And the rest rooms are one holers. Some of our schools require bilge pumps, not to pump out their basements, but to keep them from sinking in the bay or inlet where they might be anchored. From what I can determine, Alaska probably has the only floating school houses in the nation.

I mention these little things not for the sake of trivia, but to illustrate some of the diverse problems facing schools in the Alaskan rural-bush areas.

The cost of fuel to heat rural-bush schools can sometimes be as high as \$3.00 a gallon. You certainly can't get much heat or electricity from just one gallon. Energy of any kind is one of the high cost items in both urban and rural-bush schools. Anchorage has one of the lowest cost figures in natural gas in the nation - but who knows how long this will last? Therefore, even a big urban school district such as Anchorage is faced with an uncertain energy situation sometime in the future.

With the problem of energy costs increasing constantly, we will be forced to come up with a solution in the immediate future. Otherwise we will have to close the doors to the schools if the school districts can't obtain the funds to pay increasing energy and employee costs. I say employees, because it is also costing them more to live.

The cost of new construction has obviously increased. But I would point out that new construction cost can be ascertained a little easier than the increased cost of maintaining existing facilities. A roof leaks, a pipe bursts, a window pane is broken, a floor needs recovering or any other item becomes useless unless repaired. The problem facing the school district is the known fact it is going to cost more to repair or replace than it cost new. But how much more? You almost have an unknown factor trying to prepare your budget for the next year. Fact of the matter if the district has to have it corrected before school continues, it is almost necessary to have a blank check.

The point I am making in the above comments is that energy and maintenance costs increases are almost in the realm of the unknown. You only know the true cost after you have paid the bill.

Alaska has a law that states 55 percent of a districts state funding will be used for instructional purposes. There is also an "escape" clause that allows a district the opportunity to request exemptions under certain circumstances. I suspect a certain amount of pencil sharpening is presently going on to stay within the 55% clause or obtain exemptions. I further suspect that the major reasons for this is caused by energy and maintenance cost increases.

As a solution to the energy and maintenance situation, I would propose a, shall we call it a revolving fund, of \$50,000,000 to be used as needed by the school districts for correction of these problems.

The fund would be allocated to the State Department of Education to be dispersed upon proper application of the school district needing these

funds. REAA school districts requesting these funds would do so through the joint Senate - House budget oversight committee. Municipal or borough school districts would do so through their borough assembly or municipality. Approval of the requests will then be forwarded to the Department of Education for their consideration, study and approval.

After legislative approval of the revolving fund the first time additional funding in only the amount used will be requested by the Department of Education for each succeeding school year.

I further propose that the Department of Education in coordination with local school districts devise a training or orientation program for educators hired by the districts for the first time. These programs will address the problems I have previously noted along with specific district situations. The funding for this program would be obtained through the State Department of Education from the revolving fund.

*think about
Poppy Mon*



NEA - ALASKA

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January 5, 1981:

The Honorable H. Pappy Moss
Pouch V
Juneau, Alaska 99811

Dear Pappy:

Thanks for your letter of December 18, 1980, and the "White Paper" re: your thinking on funding public education. Sorry for the delay in responding but the Holiday festivities caught up with me.

As per your request I am including some thoughts and comments relative to the substance of your plan. Basically, I agree that it is important to work now on solutions which will have long-range positive effects.

Focus on the excessive energy and maintenance costs for rural schools seems to be most appropriate in that these seem to be basic components of the differences between the urbans and the rurals. I think that it is equally important to keep the same degree of focus on the problems which exist for rural teacher housing. Local school boards and administrators should have an obligation to provide much better service in assisting teachers in finding reasonable and adequate housing. Quite naturally, in some districts, this is going to require that they have access to greater financial resource that they do under the current foundation funding program.

An endowment, or revolving, fund seems like a good idea and I believe that we can support the concept. However, I see three potential problems which could be serious:

1. I don't think \$50 million is enough in that I think that there are other costs which could logically be included and should be accessible to urban schools as well.
2. Any endowment or revolving fund should be carefully written as a supplement only to the Foundation

Page Two
Letter to H. Pappy Moss

Funding Formula. Sometimes when endowment funds exist as a source of revenue an attitude develops that they should become the sole or exclusive source. Obviously we are going to need increasing foundation fund monies as well.

3. While I don't have a better suggestion, I am not comfortable with the Department of Education as the administrative agency. Internal politics and the fact that many Department employees come from the Districts creates a high level of concern for me.

I agree 100% with your conclusion that high teacher turnover is disruptive of the educational program in the rural areas. I also agree that there should be meaningful and realistic preservice training and orientation for teachers who are new to Alaska. From my perspective, this kind of program should be run through NEA-Alaska using teachers from the rural and bush areas. This kind of first-hand experience would be far more valuable and useful than anything done by the Department or local school boards and administrators and could be uniquely tailored to the needs of the particular district.

Finally, relative to the quality and accountability issue, it is our clear feeling that classroom teachers, the "practitioners," can best determine program needs on the basis of their experience in the village and in the classroom. Therefore, we will continue to resist any significant responsibility for accountability and control of quality since we do not have access to meaningful program development in the first instance.

While it may be presumptuous, it appears to us that NEA-Alaska represents the best potential for diminishing the conflict and rivalry between urban and rural districts. We look forward to working closely with you on this matter of crucial concern to everyone.

I am enclosing some information from the 1978 NEA-Alaska Quality Education Conference. It may provide some insights to our positions on these issues.

Thanks for including us in your consideration, Pappy. I look forward to seeing you in Juneau.

Sincerely,


Robert Manners
Executive Secretary

RM:lls

**AN ENDOWMENT FUND
FOR PUBLIC SCHOOLS IN ALASKA**

By

**Lee Corsuch
c/o Anchorage School District
4600 DeBarr Road
Anchorage, Alaska 99503**

December 30, 1980

AN ENDOWMENT FUND FOR PUBLIC SCHOOLS IN ALASKA

Alaska has a unique need and opportunity to develop the financial means to sustain public education in Alaska well beyond the balance of this century. Interest in building such a sustaining source of revenues has been growing in recent months, not only among school districts and municipalities but also among state legislators. The concept being advanced under the rubric of an endowment for public schools is neither new nor complex. Simply stated, it proposes that the state set aside a portion of its surplus revenues in an investment fund, the earnings of which would be appropriated by the legislature to support public schools. The size of the fund and its investment performance would determine the proportion of public school expenditures the endowment could support. The earnings and how they are to be distributed would remain subject to the normal appropriation and legislative powers of the State Legislature.

Investing surplus revenues to support future governmental functions or specific public purposes is also not new to Alaska. The Alaska Permanent Fund, the Alaska Renewable Resources Corporation, and numerous other enterprise and special revenue funds all lay a claim of one sort or another on public revenues. Although these various state investment funds differ in important ways, they nonetheless represent ample precedent for the practice of investing public funds to support public purposes.

Indeed, the vehicle necessary to implement the public school endowment concept may already exist in Title 37.14 of the Alaska Statutes. That statute, entitled the Public School Fund, mandates that one-half of one percent of total receipts derived from the management of state land, including royalties and bonuses, be transferred to the fund. The principal of the fund is retained for investment, and the earnings of the fund may only be appropriated for the support of education. The Commissioner of Revenue manages the Public School Fund, subject to the oversight of a five-member advisory committee. Although current contributions to the fund are nominal (less than three million dollars has accumulated to date), the fund and the authorizing legislation may provide the framework for building a long-term financial base for public education.

Numerous questions about the need for and wisdom of creating a large education endowment have already been raised, and many others are likely to follow. Among the more frequently raised issues are:

1. Is not Financing Education a Local Responsibility?

Unlike many public services, education is a constitutional obligation of the state. Much to its credit, Alaska is in the forefront of most states in affording each school-age child an equal opportunity to secure a basic public education. The Alaska School Foundation Program ensures that every school district in Alaska will receive sufficient funds to offer its children a basic education, regardless of the district's relative wealth or poverty.

Currently, the state pays 100 percent of the expenses of twenty-one rural school districts (REAAAs) and 78 percent of the costs of thirty-one local school districts (including Anchorage). The remaining 22 percent of revenues for the local school districts comes largely from local property taxes. This year, in an effort to provide relief for property tax payers, the Legislature may enact legislation to reimburse communities for their local taxes and thereby finance 100 percent of all public school expenses in Alaska.

Numerous states which have relied heavily in the past upon local sources of revenue, mainly local property taxes, to support public education have been successfully challenged in the courts, for example California in Serrano v. Priest, 1971, and New Jersey in Robertson v. Cahill, 1973. These states are now required by their respective state supreme courts to find alternative means of equitably financing public education.

For states facing fiscal deficits, court mandates to reorganize the financing of public education pose a most serious problem; for Alaska, the possibility of such mandates reinforces the wisdom of using today's surplus revenues to build a sustaining source of future revenues for funding public education in the years ahead. [Furthermore, an endowment for public schools would ensure that local property taxes would not be required to bear the major burden of financing public education should oil revenues begin to diminish in the 1990s, as presently forecast.]

2. Does Alaska Really Need an Endowment Fund?

If further substantial discoveries of oil are made on state lands before the end of this decade, the answer may be no, not for another ten years; however, until such discoveries are made, the answer is unequivocally yes.

[Last year the state appropriated approximately 400 million dollars to support the operation of our public schools. This amounts to over twice the value of the repealed personal income taxes.] Even if we were to combine all personal, business, sales, and property taxes of state and local governments last year (excluding oil-related income), we could not have financed last year's education budget, not to mention other essential state and local governmental services. These conventional sources of revenue simply cannot support today's level of operation, much less sustain public education in future years. By 1990, inflation and growth of the student population will push state aid for public education to one billion dollars; [by the year 2000, state aid will total approximately 2.5 billion dollars.] Furthermore, any expansion of public education services, such as vocational education, is likely to push the required revenue estimates higher still. Clearly, some means of generating revenues other than through conventional taxes will be required if Alaska is to continue to meet its constitutional mandate and provide a quality education for its school-age children.

3. How Much Money Would Have to Go into such a Fund to Sustain a Significant Portion of Public Schools' Expenses?

Petroleum revenues now comprise approximately 95 percent of this year's total state revenues. Current estimates of contributions to the Alaska Permanent Fund, at the mandatory rate of 25 percent, report an accumulation of approximately 17.6 billion dollars by 1995. Assuming an investment return of 10 percent, the Fund would yield an estimated 1.75 billion dollars in 1995, about 105 percent of the projected total public school's budget for that year. Thus, a 20-percent rate of contribution to the endowment fund (computed on the same basis as the Permanent Fund) would ensure the availability of approximately 94 percent of public schools' revenue requirements in 1995.

4. Does not the Permanent Fund Accomplish the Purpose of the Endowment?

No, unlike the Permanent Fund, the earnings from the endowment could only be used to support education, not to make cash distributions to citizens or to support governmental operations in general.

Inasmuch as public education comprises almost a third of the state's budget and is clearly a constitutional responsibility of the state, it seems both prudent and timely to pursue a means of securing long-term financial security for our public schools. Furthermore, as illustrated above, the projected earnings of the Permanent Fund at current rates of contribution are insufficient to cover both future public education costs and a reasonable portion of other governmental operations.

One alternative to the endowment that is frequently advanced is simply to increase the rate of contribution to the Permanent Fund. This alternative neither appears to enjoy broad legislative or public support nor does it clearly establish the high financial priority that the state has historically given public education. Unlike additional contributions to the Permanent Fund, which are likely to be the subject of much debate and disagreement, safeguarding the financial future of public education is a public goal which enjoys broad popular support. In short, the endowment is the more likely and certain means of securing a long-term financial future for public education in Alaska.

5. Would not the Legislature be Losing Control of the State's Budget by Creating the Endowment?

No, under the endowment fund concept, public schools would remain subject to the appropriation powers of the Alaska Legislature and to other powers granted to organized local governments. Both the amount of the earnings to be used for public schooling and the distribution of the earnings among school districts would be determinations made by the Alaska Legislature, such as they are today. Presumably, the Alaska School Foundation Program would continue to serve as the formula for computing how much money each school district would receive, and the

legislative process would fix the total amount of earnings to be appropriated each year. Thus, under the endowment proposal, the process of funding public schools would remain similar to what it is today; only the source of revenues would be altered.

In summary, the endowment fund is a sound and opportune proposal. It would secure the future of public education in Alaska and ensure that all children of our state will have an opportunity of getting a good education.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

HB 84, 85

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 84, 85

Title Relating to the financing of education; establishing an education endowment fund

Requested by House Health, Education & Social Services Committee Date 2/4/81

II. FISCAL DETAIL

Agency Affected Dept. of Revenue

Program Category Affected General Fund

BRU, Program, or Subprogram(s) Affected _____

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	MILLIONS				
GENERAL FUND	1,000.3	2,000.0	2,000.0		
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

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

These bills create and appropriate money to the Alaska Education Endowment Fund. The purpose is to provide an income source for funding public school expenditures. Funds would be in control of 5-person board of trustees and operating costs not subject to the Executive Budget Act.

Above fiscal impact are the appropriations made to the fund by HB 85; \$1 billion for FY 82, \$2 billion for FY 83 and \$2 billion for FY 84. Revenue stream that would be generated on these funds would be \$50 million, \$200 million, \$400 million, \$500 million and \$500 million for Fiscal Years 1982 thru 1986 respectively, assuming a 10% earnings rate. Transfers of appropriated funds to the endowment fund would be made on a monthly basis in line with cash flow needs of the general fund.

Anselm C. Staack

IV. DATE March 16, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/Treasury Division

PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)



Bank of California Building
1401 Dove Street Suite 400
Newport Beach, CA 92660
(714) 833-9704

file - HB 84

Mr. Peter L. Kelley
c/o Rep. H. Pappy Moss
Pouch V
Juneau, Alaska 99811

February 17, 1981

Dear Peter,

The basic thrust of this report is found on the single page, Source and Application of Funds. ~~«A Five Billion Dollar investment» as provided by your bill will return about Sixteen Billion Dollars in educational financing through 1997, with about a Seven-hundred forty million dollar balance.~~

On a dollars and sense basis this represents an extraordinary, yet reasonable, investment return. Two elements are important to consider:

(1) ~~The Fund is not permanent.~~ It is, in effect, a term investment. The increasing budget, which is inescapable, begins to devour the Fund as early as 1984. As time passes the drain on the Fund increases sharply.

(2) Your state can gain sixteen precious years for other internal development projects such as agriculture, industry, communication, transportation and housing at a critical time in the state's history. Separating the costly burden of education from the Permanent Fund or from a fixed percentage of state revenue allows for these other needs to be met.

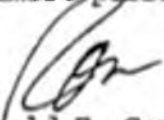
Insofar as the funds to finance public education must be secured, no matter the source, I believe the establishment of a separate fund is in order for the reasons I presented in the Summary. One thought I did not advance in the Summary is the importance of divorcing the Need to spend being solely based upon the Ability to spend. This becomes more important as state revenue will not necessarily mean a better quality or quantity of education despite increased spending.

Allowed to grow at a reasonable rate, such as provided by the Endowment Fund, a planned budget with long-term projections should be more valuable to educational administrators for planning future educational programs.

Hopefully I have under-estimated total return on investment. If so, the Fund will have a longer life. The numbers are written on paper. They are not carved in granite. They will change as economic conditions change. But, I believe they adequately and realistically provide a basis or point of reference for considering educational financing.

Given the need to finance education and the present investment opportunity to secure funds for such financing, I believe the Educational Endowment Fund should be established.

Warmest personal regards,



Ronald E. Gerron

ALASKA EDUCATIONAL ENDOWMENT FUND REPORT

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Bank of California Building
1401 Dove Street Suite 400
Newport Beach, CA 92660
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To: Representative H. Pappy Moss
From: Ronald E. Gerron
Re: Alaska Educational Endowment Fund

THE PURPOSE OF THIS REPORT is to establish an evidentiary basis that the Alaska Educational Endowment Fund, Senate Bill Number 32, House Bill Number 84, will be self-sustaining and self-funding; that it would be the least costly method of educational financing; and that the interest income generated from the investment of Fund assets would provide for the financing of public education through 1997, returning slightly less than Sixteen Billion Dollars in education financing with an investment of Five Billion Dollars.

THE SCOPE OF THIS REPORT is limited to Section G of the Bill as it pertains to the investment of Fund assets.

THE PRUDENT MAN RULE applies as to discussion of investment of Fund assets in general, as well as in particular instances. The Prudent Man Rule was established in Massachusetts (Harvard v Amory 26MASS446) in 1830, stating that a Trustee:

"..is to observe how men of prudence, discretion and intelligence manage their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable safety of the capital to be invested."

Senate Bill Number 32, House Bill Number 84 has operationally defined the Prudent Man as one who would invest Fund assets as prescribed in Section G, as well as restating the Prudent Man Rule in Section 37.14.127(a).

REFERENCE shall be made to a report, "An Endowment Fund for Public Schools in Alaska," by Lee Gorsuch, December 30, 1980.

AN APPENDIX is attached including a chronological corporate bond calendar, interest rate tables, the Gorsuch article, and a Glossary of terms relevant to Section G. of the Bill



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SUMMARY

Senate Bill Number 32, House Bill Number 84, Alaska Educational Endowment Fund; Section 37.14.127 (b): The Assets of the Fund shall only be used for income-producing investments.

In order to finance public education in the State of Alaska as well as provide for the self-sustenance of the Education Endowment Fund through 1997, two requisites are in order:

- ◀ (1) Interest rates must remain high, and
- ◀ (2) The capital base of the Fund must be internally expanded.

While the projected budget requirements discussed in the Gorsuch article (10% yearly increase) are subject to debate, there should be little doubt that the financial requirements for public education shall continue to grow.

Current funding requirements can be met through investment in high-yielding debt instruments, but in order to sustain the Fund and provide for future increases in the education budget the capital base must expand. This expansion can occur through Section G, Subsection 8 of the proposed Bill through a chronological accumulation of short/intermediate-term corporate bonds whose current market values represent a sizable discount from par value at maturity.

As maturing bonds are redeemed at par the proceeds from these redemptions are re-invested chronologically in more distant maturities. The benefits from this method are manifold:

- (1) Current income is increased through the higher coupons offered by bonds offered at later dates as well as the larger total face value of such bonds secured by the Fund;
- (2) The capital base of the Fund is expanded through the accumulation of larger bond holdings;
- (3) Investment costs are significantly reduced since there are no redemption charges; and
- (4) Investment in corporate debt securities is the most plausible method prescribed in Section G by which the Fund can achieve a pre-determined, measurable, sustained growth in capital.

Interest income earned by the Fund is predominately subject to

the fluctuations in prevailing interest rates at the time investment funds are committed. Speculation can be made as to the general direction of such interest rates, but the prevalent rates are beyond the control of the Board of Trustees of the Fund.

As inflation persists in raising the projected budgets of education financing, so too will interest rates rise to offset rising budgets and generate a larger stream of current income to the fund. The growth rate and investment return of the Fund must outpace the budget growth. Many of the factors contributing to the budget growth—inflation, population increase, the circumstance of transportation, communication, and lack of population density unique to Alaska—are also beyond the control of the Board of Trustees of the Fund. However, the constitutional mandate requires that funds be available.

A Five Billion Dollar investment as proposed by Senate Bill Number 32, House Bill Number 84, over a three-year period could be reasonably expected to return slightly less than Sixteen Billion Dollars in education financing, meeting reasonable requirements through 1997.

A tabular, as well as graphic, Source and Application of Funds appears, demonstrating a Fund Model. The education budget has a built-in growth rate of eight percent annually. Average rate of return on invested funds is twelve percent.

*diff. revenue
470*

It can be seen that as early as 1984, the Fund begins to operate at a deficit, divesting itself of capital as well as interest earnings. From 1992 through 1997 bond redemptions become a major source of funds to meet budget requirements.

The graphic illustration of the Cumulative Profile depicts the enormous effect of the growing budget on Fund resources. The periodic infusion of capital into the Fund from external sources would extend the life of the Fund, and such an infusion might be considered.

As presently conceived the Fund is a "term account" with a defined life-span. Changes in return on Fund investments would most likely increase the revenue to the Fund. The budget growth is a fixed rate. The return is an approximation over time. It will fluctuate, and is therefore understated relative to present rates available.

Insofar as the investment of Fund assets in highly rated short/intermediate-term bonds is an important aspect in generating current income and providing for the internal growth of Fund assets, a lengthy list is included to demonstrate the availability of such bonds.

There are numerous reasons to favor the passage of Senate Bill Number 32, House Bill Number 84, The Alaska Educational Endowment Fund, with the understanding and fore-knowledge that it does not constitute a permanent source of financing. The Sixteen Billion Dollar return from a Five Billion Dollar investment represents an attractive investment in dollar terms as well as the use of funds generated: public education for the State of Alaska. *

Additionally, the establishment of a separate entity such as the Endowment Fund removes a financial burden from the Permanent Fund thereby allowing for a more intensive program to address other needs of the people: transportation, communication, agricultural and industrial development, housing, health and social services, and other internal priorities.

As presently perceived, the Alaska Educational Endowment Fund could reasonably be expected to meet the growing financing needs of Alaskan public education for more than fifteen years—years critical to the internal development of the State.

As presently perceived, educational administrators would have a more clearly defined flow of funds with which to plan and implement programs beneficial to the student population. Of prime importance is the knowledge that funds would be available as constitutionally mandated. Over the projected time span of the Fund the size and return on investment would be monitored for adverse deviation from anticipated results. Proper remedy would be instituted to assure the continued financing as needed.

Given the mandate to finance education, and given the availability of funds to establish the Educational Endowment Fund, and given the certainty of educational budget increase over time, as well as the need to address other matters of vital importance to the State of Alaska, the establishment of the Fund at this time represents the most attractive educational investment opportunity the State of Alaska might ever have.

ALASKA EDUCATION ENDOWMENT FUND
SOURCE AND APPLICATION OF FUNDS
(000,000 omitted)

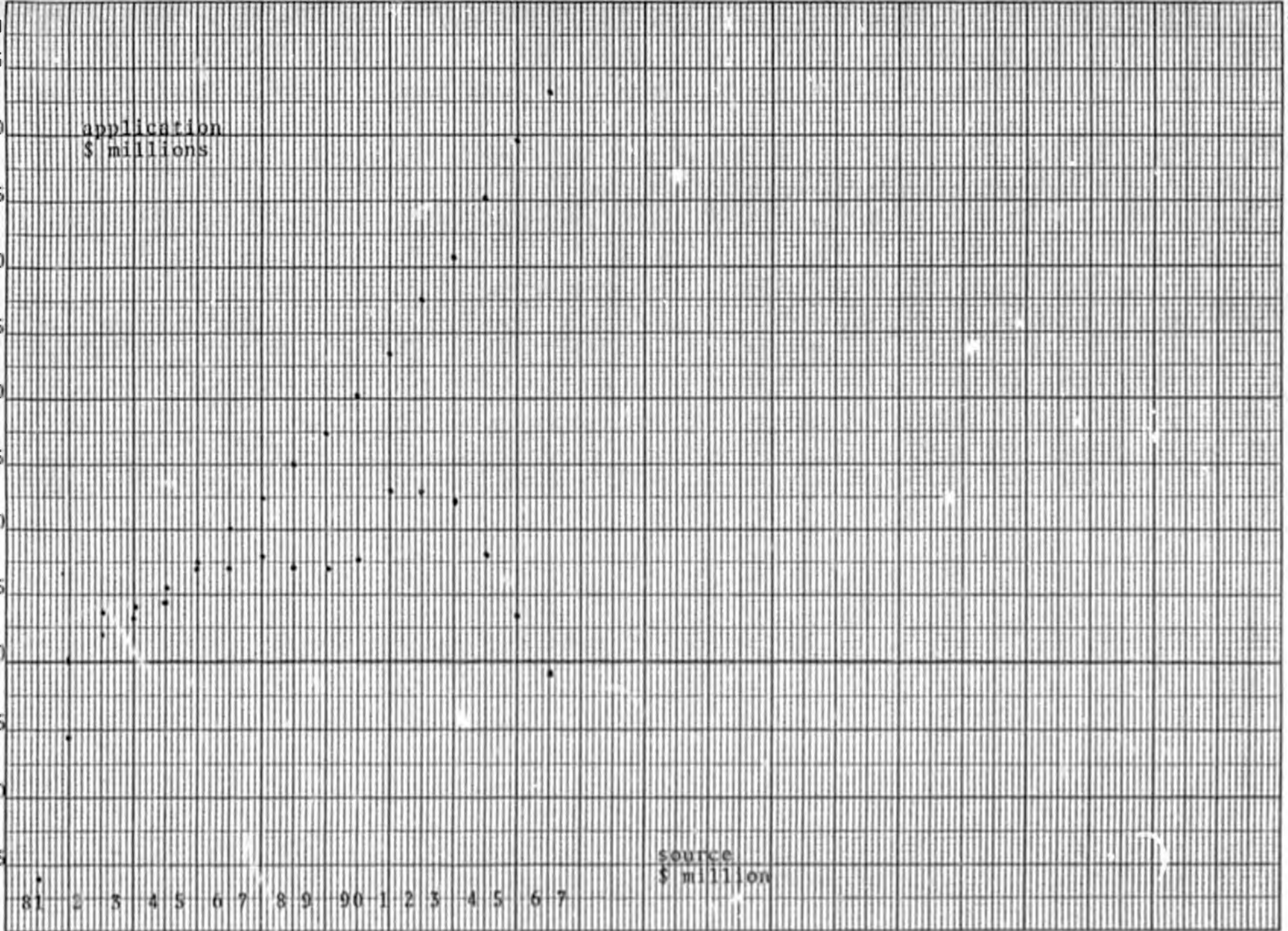
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
FUND	1,000	3,120	4,994.4	5,053.7	5,076.8
INCOME	120	374.4	599.3	606.4	609.2
BUDGET		500	540	583.2	629.8
(+-)	+120	-125.6	+ 59.3	+ 23.1	- 20.6
	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
FUND	5,056.2	5,062.7	5,023.6	4,926.5	4,762.5
INCOME	606.7	607.5	602.8	591.2	571.5
BOND GAIN ‡	80	88	93.5	101.7	110
BUDGET	680.2	734.6	793.4	856.9	925.5
(+-)	+ 6.5	- 39	- 97	-164	-244
	<u>1991‡*</u>	<u>1992*</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
FUND	4,738.1	4,431	4,183.3	3,844.5	3,396.8
INCOME	568.6	531.7	502	461.3	407.6
BOND GAIN*	123.8	300	325	350	300
BUDGET	999.5	1,079.5	1,165.8	1,259	1,359.8
(+-)	-307.1	- 247.7	- 338.8	- 447.7	- 652.2
	<u>1996</u>	<u>1997</u>			
FUND	2,744.6	1,855.4			
INCOME	329.4	222.6			
BOND MAT.*	250	250			
BUDGET	1,468.6	1,586			
(+-)	- 889.3	-1,113.4			
		742 BALANCE			

‡ 1986: First year of bond redemption; original capital re-invested in 1992 maturities at 64% of par

* 1991: Last year of chronological bond investment; bonds maturing between 1992-97 consumed by budget requirements at redemption

APPLICATION OF FUNDS: BUDGET 1982-1997

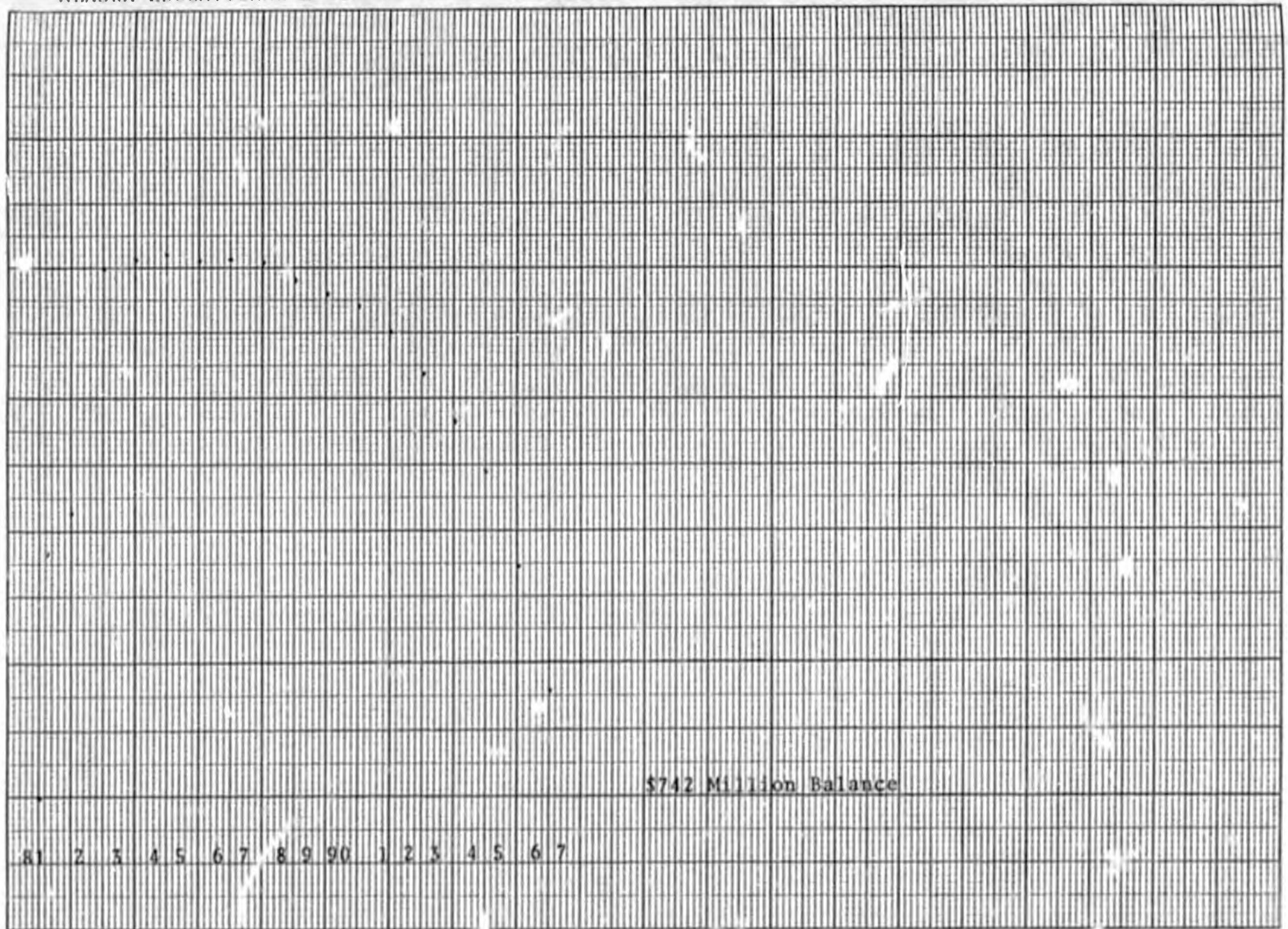
SOURCE OF FUNDS: INTEREST, GAINS 1981-1997



Education Budget as a Percent of Beginning Fund Assets

1982	16.02
1983	10.81
1984	11.54
1985	12.40
1986	13.45
1987	14.51
1988	15.79
1989	17.39
1990	19.43
1991	21.09
1992	24.36
1993	27.87
1994	32.75
1995	40.03
1996	53.51
1997	85.48

ALASKA EDUCATIONAL ENDOWMENT FUND: CUMULATIVE PROFILE 1981-1997 (Billion Dollars)



1986

	<u>AAA</u>
American Telephone & Telegraph	2 5/8
Dallas Power & Light	3 1/8
Dallas Power & Light	4 1/4
Shell Oil Co.	4 5/8
Tennessee Valley Authority	4 5/8
Texas Electric Service	3 1/4
Texas Power & Light	4 3/8

	<u>AA</u>
California Electric Power	4 1/2
Central Power & Light	3 1/4
Cleveland Elec. Illum.	3 3/8
Commonwealth Edison	3 1/2
Cons. Gas El Light & Power	2 3/4
Cons. Natural Gas	4 3/8
Cons. Natural Gas	4 3/4
Deere & Co.	4 1/2
Duquesne Light Co	3 1/2
Gulf States Utilities	4 1/4
Houston Lighting & Power	3 1/4
Illinois Power Co	3 3/4
Indianapolis Power & Light	3 5/8
Kansas Gas & Electric	3 3/8
Kentucky Utilities Co	3 3/4
Kimberly-Clark	4 5/8
Motorola	4 3/4
Northern States Power (Minn)	4 1/4
Pacific Gas & Electric	4 1/2
Pacific Telephone & Telegraph	2 7/8
Public Service Elect & Gas	4 3/8
Tampa Electric Co	4 1/8
Union Oil, Calif	4 7/8
U.S. Steel Corp	4 1/2
Wisconsin Electric Power	3 7/8

1987

American Telephone & Telegraph
Southern Bell Tel & Tel
Tennessee Valley Authority
Texas Electric Service
Texas Power & Light

AAA
2 7/8
2 7/8
4 1/2
4 3/4
4 5/8

California Electric Power
Cincinnati Gas & Electric
Commonwealth Edison
Cons. Natural Gas
Gulf States Utilities
Houston Lighting & Power
Louisville Gas & Electric
Northern States Power (Wisc.)
Oklahoma Gas & Electric
Pacific Gas & Electric
Pacific Tel & Tel
Public Service, Colorado
Public Service Elect & Gas
Southern Calif Edison
Southern Indiana Gas & Electric
Southwestern Gas & Electric
Wisconsin Public Service

AA
4 5/8
4 7/8
4 1/4
4 1/2
4 7/8
4 3/4
4 7/8
4 5/8
4 1/2
3 3/8
3 1/8
4 3/8
4 7/8
4 1/4
4 3/8
4 5/8
4 3/8

1988

	<u>AAA</u>
Illinois Bell Telephone	4 1/4
Michigan Bell Telephone	3 1/8
New Jersey Bell Telephone	3 1/8
Texas Electric Service	4 1/2
Texas Power & Light	4 1/2

	<u>AA</u>
Burroughs Corp	4 1/2
California Electric Power	4 1/2
Central Illinois Pub Srv	4 1/8
Central Power & Light	4
Commonwealth Edison	3 3/4
Consol Natural Gas	4 3/8
Duquesne Light Co	3 3/4
El Paso Electric	4 1/4
Gulf Power Co	4
Gulf States Utilities	4
Illinois Power Co	4
Indianapolis Power & Light	4 1/8
Iowa Public Service	4 1/4
New England Tel & Tel	3 1/8
Northern Illinois Gas	4 3/8
Northern States Power (Minn)	4
Oklahoma Gas & Electric	3 7/8
Pacific Gas & Elect	3 7/8
Public Service, Oklahoma	3 7/8
Public Service Elect & Gas	3 5/8
Southern Calif Edison	4 3/8
Tampa Electric Co	4 1/4
West Texas Utilities	3 7/8
Wisconsin Electric Power Co	4 1/8

1989

Bell Telephone, Pennsylvania	<u>AAA</u>
New Jersey Bell Telephone	3 3/4
New York Telephone Co	3
Northwestern Bell Tel	4 3/8
Southern Bell Tel & Tel	3 1/8

Anheuser-Busch	<u>AA</u>
Baltimore Gas & Electric	4 1/2
Central Illinois Pub Srv	3
Cleveland Elect Illum	4 3/4
Dallas Power & Light	3
Deere & Co	4 1/2
Duquesne Light Co	4 1/2
Gulf Power Co	4 1/4
Gulf States Utilities	4 3/4
Gulf States Utilities	4 3/4
Houston Lighting & Power	5 1/4
Houston Lighting & Power	3
Laclede Gas Co	4 7/8
Northern Indiana Pub Srv	4 5/8
Pacific Gas & Electric	4 1/2
Pacific Tel & Tel	5
Public Service, Colorado	3 1/8
Public Service, Indiana	4 5/8
Public Service Elect & Gas	4 3/8
Southern Calif Edison	5 1/8
Southern New England Tel & Tel	4 3/8
Texas Power & Light	3 1/4
Wisconsin Power & Light	4 1/2
	4 5/8

1990

American Tel & Tel
General Foods Corp
New Jersey Bell Tel

AAA
3 $\frac{7}{8}$
8 $\frac{7}{8}$
2 $\frac{3}{4}$

California Electric Power
Central Illinois Elect & Gas
Cincinnati Gas & Elect
Commonwealth Edison
Consol Natural Gas
Gulf Power Co
Gulf States Utilities
Indianapolis Power & Light
Iowa-Illinois Gas & Electric
Kansas City Power & Light
Northern Illinois Gas
Northern Indiana Pub Srv
Northern States Power (Minn)
Pacific Tel & Tel

AA
5 $\frac{1}{8}$
5
5
4 $\frac{5}{8}$
4 $\frac{3}{4}$
5
4 $\frac{7}{8}$
4 $\frac{5}{8}$
5
5
5/8
4 $\frac{7}{8}$
4 $\frac{1}{2}$
4 $\frac{5}{8}$

1991

	<u>AAA</u>
Gulf Oil Corp	5.35
Michigan Bell Telephone	4 3/8
New York Tel Co	4 1/2
Standard Oil, Indiana	6
Texas Power & Light	4 1/2

	<u>AA</u>
Anchor Hocking	5 1/8
Anheuser-Busch	5.45
California Electric Power	5
Cleveland Elect Illum	8 3/8
Continental Oil	4 1/2
Kansas Gas & Electric	4 5/8
Kimberly-Clark	5 7/8
Laclede Gas Co	5 3/4
New England Tel & Tel	3 1/4
Northern Illinois Gas	6
Northern States Power (Minn)	4 7/8
Pacific Gas & Electric	5
Public Service El & Gas	4 3/4
Southern Calif Edison	4 1/2
Sun Company	4 5/8
Texas Instruments	4.80
Times-Mirror	4 1/2
Utah Power & Light	4 7/8
Wisconsin Electric Power	5

1992

	<u>AAA</u>
American Tel & Tel	4 3/4
Bristol-Myers Co	5.70
General Electric Co	5.30
Michigan Bell Tel	4 3/4
Shell Oil Co	5.30
Southwestern Bell Tel	4 3/4
Standard Oil, Calif	5 3/4
Tennessee Valley Authority	5.70
Tennessee Valley Authority	6 3/8
Wisconsin Telephone Co.	4 1/2

	<u>AA</u>
Baltimore Gas & Elect	4 3/8
Borg-Warner Corp	5 1/2
Burroughs Corp	6
Caterpillar Tractor	5.30
Caterpillar Tractor	6 7/8
Champion Spark Plugs	5 7/8
Cincinnati Gas & Elect	4 3/8
Consol Natural Gas	6 1/8
Deere & Co	5.40
El Paso Electric	4 5/8
Gulf States Utilities	4 3/8
Houston Lighting & Power	4 1/2
Kimberly-Clark	5 7/8
Northern Illinois Gas	6
Northern Indiana Pub Srv	4 3/8
Northern States Power (Minn)	4 3/8
Pacific Gas & Elec	4 5/8
Pacific Tel & Tel	3 5/8
Public Service, Colorado	4 1/2
Public Service Elec & Gas	4 3/8
Southern Calif Edison	5 7/8
Southern Calif Edison	5 1/4
Southern New England Tel	4 1, 8
Southwestern Public Service	4 1/2
Utah Power & Light	4 1/2
Westinghouse Electric	5 3/8
West Texas Utilities	4 5/8
Weyerhaeuser Company	5.20
Wisconsin Power & Light	4 1/4

1993

AAA

Chesapeake & Potomac Tel	4 1/8
Cin. & Suburb Bell Tel	4 1/2
Dallas Power & Light	4 1/4
Gulf Oil Corp	6 5/8
New Jersey Bell Tel	3 7/8
New York Tel Co	4 1/8
Sears, Roebuck & Co	6 3/8
Mobil Oil	4 1/4
Southern Bell Tel Tel	4 5/8
Texas Electric Service	4 3/8
Texas Power & Light	4 3/8

AA

Abbott Laboratories	6 1/4
Baltimore Gas & Electric	4
Central Illinois Pub Srv	4 1/2
Cleveland Elect Illum	3 7/8
Dallas Power & Light	6 3/4
Illinois Power Co	4 1/4
Iowa Pub Srv Co	4 3/8
Laclede Gas Co	7
Northern Illinois Gas	6 3/4
Northern Indiana Pub Srv	4 1/2
Northern States Power (Minn)	4 3/8
Oklahoma Gas & Electric	4 1/4
Pacific Gas & Electric	4 1/2
Pacific Tel & Tel	5 1/8
Public Service, Oklahoma	4 1/8
Pub Srv Elect & Gas	4 3/8
Rochester Telephone Corp	4 3/4
Southern Calif Edison	6 3/8
Southwestern Electric Power	4 3/8
Southwestern Pub Srv	4 3/8
Tampa Electric Co	4 1/2
Texas Electric Service	6 5/8
Union Light, Heat, & Power	4 3/8
Utah Power & Light	4 1/2
Wisconsin Pub Srv	4 3/8

1994

	<u>AAA</u>
American Tel & Tel	4 $\frac{5}{8}$
Beatrice Foods	7 $\frac{7}{8}$
Ford Motor Co	7.85
Illinois Bell Tel	4 $\frac{3}{8}$
Michigan Bell Tel	4 $\frac{7}{8}$
Tennessee Valley Authority	8 $\frac{1}{4}$

	<u>AA</u>
Baltimore Gas & Electric	4 $\frac{1}{2}$
Bell Telephone, Canada	8
Central Illinois Pub Srv	4 $\frac{1}{2}$
Cleveland Elect Illum	4 $\frac{3}{8}$
Consol Natural Gas	7 $\frac{3}{4}$
Gulf Power Co	4 $\frac{5}{8}$
Indianapolis Power & Light	4 $\frac{1}{2}$
Minnesota Gas	8
Northern Illinois Gas	9
Northern States Power (Wisc)	4 $\frac{1}{2}$
Pacific Gas & Electric	4 $\frac{3}{8}$
Public Service, Colorado	4 $\frac{1}{2}$
Public Service Electric & Gas	4 $\frac{5}{8}$
Southern Calif Edison	7 $\frac{1}{8}$
Southwestern Pub Srv	4 $\frac{1}{2}$
Texas Power & Light	7 $\frac{3}{4}$
Utah Power & Light	4 $\frac{5}{8}$
Weyerhaeuser Co	7.65
Wisconsin Public Service	4 $\frac{1}{2}$

1995

	<u>AAA</u>
American Tel & Tel	5 5/8
Bristol-Myers Co	8 5/8
Chesapeake & Potomas Tel	3 1/4
Gulf Oil Corp	8 1/2
Illinois Bell Tel	3 1/4
New Jersey Bell Tel	3 3/8
Sears, Roebuck & Co	8 5/8
Southern Bell Tel	3 1/4
Southwestern Bell Tel	4 5/8
Texas Elect Srv	4 1/2
Texas Power & Light	4 1/2
Western Electric	8 3/8
Wisconsin Telephone Co	4 7/8

	<u>AA</u>
Central Illiinois Pub Srv	4 5/8
Central Indiana Gas	10
Consol Natural Gas	9 1/4
Consol Natural Gas	7 7/8
Halliburton Company	7.95
Inland Steel Co	8 3/4
International Paper	8.85
Iowa Pub Srv	10 3/4
Kansas City Power & Light	4 3/4
Laclede Gas Co	9 1/2
National Steel Corp	8
Northern Indiana Pub Srv	4 5/8
Northern States Power (Minn)	6 1/8
Oklahoma Gas & Electric	4 1/2
Pacific Gas & Electric	4 1/4
J.C. Penney Co	8 7/8
Peoples Gas Light & Coke	8 7/8
Public Service Electric & Gas	4 3/4
G. D. Searle & Co	8.70
Southern Calif Edison	7 7/8
Southern Indiana Gas & Electric	4 3/4
Southwestern Pub Srv	4 5/8
Travelers Corp	8.70
West Penn Power Co	4 7/8
Westinghouse Electric	5/8

1996

	<u>AAA</u>
American Tel & Tel	4 3/8
Bell Tel, Pennsylvania	3 1/4
Dallas Power & Light	4 7/8
General Electric Co	7 1/2
Michigan Bell Tel	4 5/8
New York Telephone Co	3 3/8
Northwestern Bell Tel	3 1/4
Standard Oil, Calif	7
Tennessee Valley Authority	7.30
Texas Electric Service	5 1/8
Texas Power & Light	5
Western Electric	7 1/2

	<u>AA</u>
Abbott Laboratories	7 5/8
Armstrong Cork Co	8
Baltimore Gas & Electric	5 1/8
Commonweath Edison	5 1/4
Consolidated Foods	7 3/8
Consol Natural Gas	8 3/8
Dana Corp	7.30
Duquesne Light Co	5 1/8
Gulf Power Co	6
Gulf States Utilities	5
Houston Lighting & Power	5 1/4
Illinois Power Co	5.85
Indiana Gas	8 1/4
Indianapolis Power & Light	5 1/8
Kansas Gas & Electric	5 5/8
Louisville Gas & Electric	5 5/8
McGraw-Edison	7 1/2
Northern States Power (Minn)	5 7/8
Pacific Gas & Electric	4 1/2
Public Service, Colorado	5 3/8
Public Service, Oklahoma	5 1/4
Ralston Purina Co	7.70
Southern Calif Edison	8
Southern Indiana Gas & Electric	6
Southern New England Tel	5 3/4
Tampa Electric Co	5 1/2
Wisconsin Electric Power	5 7/8

1997

	<u>AAA</u>
American Tel & Tel	5 $\frac{1}{2}$
Dallas Power & Light	5 $\frac{3}{8}$
EXXON Corp	6
Illinois Bell Tel	4 $\frac{7}{8}$
New York Tel Co	4 $\frac{5}{8}$
Southern Bell Tel	5
Southwestern Bell Tel	4 $\frac{1}{2}$
Tennessee Valley Authority	7.35
Texas Electric Service	6 $\frac{1}{8}$
Texas Power & Light	5 $\frac{1}{2}$

	<u>AA</u>
Atlantic Richfield	5 $\frac{5}{8}$
Central Illinois Pub Srv	5 $\frac{7}{8}$
Central Indiana Gas	8
Cincinnati Gas & Electric	5 $\frac{7}{8}$
Commonwealth Edison	5 $\frac{3}{8}$
Consol Natural Gas	7 $\frac{5}{8}$
Duquesne Light Co	5 $\frac{1}{4}$
Gulf States Utilities	5 $\frac{3}{8}$
Houston Lighting & Power	5 $\frac{1}{4}$
Humble Pipeline	5 $\frac{5}{8}$
Indianapolis Power & Light	5 $\frac{5}{8}$
Iowa-Illinois Gas & Elect	5 $\frac{7}{8}$
Icwa Southern Utilities	6 $\frac{1}{8}$
Kansas City Power & Light	5 $\frac{3}{4}$
Laclede Gas Co	7 $\frac{1}{2}$
Northern Illinois Gas	7 $\frac{5}{8}$
Northern Indiana Pub Srv	6 $\frac{3}{8}$
Northern State Power (Minn)	6 $\frac{1}{2}$
Oklahoma Gas & Electric	5 $\frac{1}{8}$
Pacific Gas & Electric	4 $\frac{5}{8}$
Peoples Gas Light & Coke	7 $\frac{5}{8}$
Public Service, Colorado	5 $\frac{7}{8}$
Public Service, New Mexico	5 $\frac{7}{8}$
Public Service Elect & Gas	6 $\frac{1}{4}$
Southern Calif Edison	7 $\frac{3}{8}$
Southwestern Electric Power	7
Southwestern Pub Srv	5.70
Union Carbide	5.30
Wells Fargo Co	7 $\frac{3}{8}$
West Penn Power Co	7
Wisconsin Electric Power	6 $\frac{7}{8}$
Wisconsin Public Service	6 $\frac{3}{8}$

THE ALASKA EDUCATIONAL ENDOWMENT FUND, SECTION 37.14.127 (g)

"...the Board may invest fund assets in:

(1) obligations of, or obligations insured by or guaranteed by, the United States or agencies or instrumentalities of the United States;

(2) obligations secured by reserves paid in by the United States or agencies or instrumentalities of the United States or obligations of corporations in which the United States is a shareholder or member;"

United States Government Bonds
United States Treasury Bills, Notes, Bonds
Federal National Mortgage Association
Bank for Co-Operatives
Federal Farm Credit
Federal Land Bank
Federal Home Loan Bank
Government National Mortgage Association

(3) "certificates of deposit issued by United States domestic banks which are members of the Federal Deposit Insurance Corporation....

(4) shares of federally chartered savings and loan associations in Alaska....

(5) savings certificates issued by state-chartered savings and loan associations in Alaska....

(6) deposits with mutual savings banks in Alaska....

(7) fixed-term certificates of indebtedness of federally insured credit unions....

(8) corporated debt securities which are rated AA or better by a nationally recognized rating service;"

Chronological Bond Series Enclosed
Internal Fund Expansion Described in Summary
Purchase \$275 million face value bonds each year 1986-1991;
Re-invest proceeds upon maturity through 1997.

(9) "short-term corporate promissory notes of the highest rating assigned...."

Commercial Paper
Private-Placement Financing

(10) "bankers' acceptances....

(11) repurchase agreements....

(12) the guaranteed portion of Federal Small Business Administration loans;

(13) the portion of first lien real estate mortgages guaranteed by the Federal Veterans Association;

(14) the portions of business and industrial loans made under the Rural Development Act of 1972 which are guaranteed by the Farmer's Home Administration;

(15) the guaranteed portion of Farmer's Home Administration loans;

(16) notes secured by mortgages...."


**PRIME RATE
(PERCENTAGE)
1970 TO PRESENT**

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
<u>ANNUAL AVG</u>	7.91	5.73	5.23	8.03	10.81	7.88	6.84	6.82	9.06	12.66	15.32	
<u>QUARTERLY AVG</u>												
1	8.46	5.91	4.82	6.11	9.25	9.04	6.83	6.25	7.98	11.75	16.58	
2	8.00	5.41	5.01	7.04	10.98	7.33	6.91	6.47	8.30	11.72	16.33	
3	7.96	5.97	5.34	9.15	11.99	7.57	7.08	6.90	9.13	12.11	11.62	
4	7.22	5.64	5.75	9.81	11.01	7.58	6.54	7.67	10.82	15.07	16.73	
<u>MONTHLY AVG</u>												
JAN	8.50	6.34	4.97	6.00	9.72	10.19	7.00	6.25	7.93	11.75	15.25	20.16
FEB	8.50	5.89	4.75	6.03	9.18	8.96	6.75	6.25	8.00	11.75	15.57	
MAR	8.39	5.49	4.75	6.29	8.85	7.97	6.75	6.25	8.00	11.75	18.93	
APR	8.00	5.25	4.98	6.59	10.10	7.50	6.75	6.25	8.00	11.75	19.78	
MAY	8.00	5.48	5.00	7.00	11.29	7.41	6.78	6.41	8.27	11.75	16.56	
JUN	8.00	5.50	5.04	7.53	11.55	7.08	7.20	6.75	8.63	11.65	12.65	
JUL	8.00	5.90	5.25	8.35	11.97	7.17	7.25	6.75	9.00	11.54	11.45	
AUG	8.00	6.00	5.27	9.23	12.00	7.67	7.00	6.83	9.00	11.90	11.12	
SEP	7.87	6.00	5.50	9.86	12.00	7.88	7.00	7.13	9.41	12.90	12.28	
OCT	7.50	5.91	5.73	9.92	11.69	7.96	6.77	7.52	9.94	14.38	13.79	
NOV	7.25	5.53	5.75	9.75	10.84	7.53	6.50	7.75	10.97	15.53	16.06	
DEC	6.92	5.47	5.78	9.75	10.50	7.27	6.35	7.75	11.55	15.30	20.35	

Source: Security Pacific National Bank

Permanent Fund
Rainy Day Fund

Introduced: 2/4/81
Referred: Health, Education &
Social Services and Finance

Delegatory authority of appropriations 

1 IN THE HOUSE

BY MOSS

2 HOUSE BILL NO. 84

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 *Earning power of 5.5 B is interest appropriation of DOE.*
A BILL

6 For an Act entitled: "An Act relating to the financing of education; estab-
7 lishing an education endowment fund, amending the
8 public school foundation program, and repealing the
9 public school fund; and providing for an effective
10 date."

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

12 * Section 1. AS 37.14 is amended by adding new sections to read:

13 ARTICLE 3. EDUCATION ENDOWMENT FUND.

14 Sec. 37.14.111. ALASKA EDUCATION ENDOWMENT FUND. (a) There is
15 established as a separate fund the Alaska education endowment fund.
16 The fund consists of

17 (1) money appropriated to or otherwise allocated by law to
18 it; and

19 (2) interest earned by investment of money in the fund.

20 (b) The fund shall be managed by the board of trustees of the
21 fund established in this chapter.

22 Sec. 37.14.113. COMPOSITION AND QUALIFICATIONS OF BOARD OF TRUST-
23 EES. (a) The board of trustees of the fund consists of five members,
24 including

- completely cont. by Gov.*
- 25 (1) the commissioner of administration;
 - 26 (2) the commissioner of education;
 - 27 (3) one person appointed by the governor who is a school
28 board president or superintendent; and
 - 29 (4) two other members appointed by the governor.

No on

1 (b) The two members of the board appointed by the governor under
2 (a)(4) of this section shall have recognized competence and wide experi-
3 ence in finance, investments, or other business management-related
4 fields.

5 (c) The board shall annually elect a chairman from among its
6 members.

7 Sec. 37.14.115. TERM OF OFFICE. (a) ~~The three members~~ of the
8 board appointed by the governor shall be appointed for terms of three
9 years subject to confirmation by a majority of the members of the
10 legislature in joint session.

not possible 4 yrs terms for term.
↓

11 (b) The commissioner of administration and commissioner of educa-
12 tion serve during their tenure in office.

13 Sec. 37.14.117. REMOVAL AND VACANCIES. (a) The governor may
14 remove a member of the board from office. A removal by the governor
15 shall be in writing and shall state the reason for the removal.

16 (b) A vacancy on the board shall be promptly filled by appoint-
17 ment by the governor and confirmation by a majority of the members of
18 the legislature in joint session. An appointee to a vacancy shall hold
19 office for the balance of the term for which his predecessor on the
20 board was appointed. If a vacancy arises on the board while the legis-
21 lature is not in session, the governor may appoint an interim board
22 member who shall exercise the powers of a board member until the legis-
23 lature fails to confirm the appointment of the interim board member.

24 (c) A vacancy on the board does not impair the authority of a
25 quorum of the board to exercise all the powers and perform all the
26 duties of the board.

? so few with so much!!

27 Sec. 37.14.119. QUORUM. Three members of the board constitute a
28 quorum for the transaction of business and the exercise of the powers
29 and duties of the board.

1 Sec. 37.14.121. COMPENSATION OF BOARD MEMBERS. Members of the
2 board are entitled to per diem and travel allowances as provided by law
3 for members of state boards and commissions. *86076 100*

4 Sec. 37.14.123. STAFF. The board may employ staff. An employee
5 of the board may not be a member of the board. Employees of the board
6 are in the exempt service under AS 39.25.

7 Sec. 37.14.125. CONFLICT OF INTEREST. (a) Members of the board
8 are subject to the provisions of AS 39.50. *Also AS 45: APOC*
conflict of interest

9 (b) If a member of the board or an employee of the board acquires,
10 owns or controls an interest, direct or indirect, in an entity or
11 project in which fund assets are invested, he shall immediately disclose
12 the interest to the board. The disclosure is a matter of public record
13 and shall be included in the minutes of the board meeting next following
14 the disclosure.

15 Sec. 37.14.127. INVESTMENT RESPONSIBILITIES OF THE BOARD. (a)
16 The prudent-man rule shall be applied by the board in the management
17 and investment of fund assets. The prudent-man rule as applied to
18 investments of the fund means that in making investments the board
19 shall exercise the judgment and care under the circumstances then
20 prevailing which an institutional investor of ordinary prudence, dis-
21 cretion, and intelligence exercises in the management of large invest-
22 ments entrusted to it not in regard to speculation but in regard to the
23 permanent disposition of funds, considering probable safety of capital
24 as well as probable income.

25 (b) The assets of the fund shall only be used for income-producing
26 investments.

27 (c) The board shall maintain a reasonable diversification among
28 investments unless under the circumstances it is clearly prudent not to
29 do so.

How again we haul out of state investment priority!?

1 (d) The board shall submit long-range and quarterly investment
2 reports to the Legislative Budget and Audit Committee.

3 (e) The board may not borrow funds or guarantee from principal of
4 the fund the obligations of others.

5 (f) The board may enter into and enforce all contracts necessary,
6 convenient or desirable for purposes of management of the fund.

7 (g) Subject to the limitations in (h) and (i) of this section,
8 the board may invest fund assets in

9 (1) obligations of, or obligations insured by or guaranteed
10 by, the United States or agencies or instrumentalities of the United
11 States;

12 (2) obligations secured by reserves paid in by the United
13 States or agencies or instrumentalities of the United States or obli-
14 gations of corporations in which the United States is a shareholder or
15 member;

16 (3) certificates of deposit issued by United States domestic
17 banks which are members of the Federal Deposit Insurance Corporation
18 for which a generally recognized secondary market exists or which are
19 fully secured at all times as to payment of principal and interest by
20 investments described in (1), (2), (8) or (12) - (16) of this sub-
21 section; the security pledged under this paragraph shall be at least
22 equal to the face value of the deposit and the board may require sub-
23 stitution of collateral;

24 (4) shares of federally chartered savings and loans associ-
25 ations in Alaska which are fully secured at all times as to payments of
26 principal and interest by investments described in (1), (2) of this
27 subsection;

28 (5) savings certificates issued by state chartered savings
29 and loan associations in Alaska which are fully secured at all times as

1 to payments of principal and interest by investments described in (1),
2 (2) of this subsection;

3 (6) deposits with mutual savings banks in Alaska which are
4 fully secured at all times as to payments of principal and interest by
5 investments described in (1), (2) of this subsection;

6 (7) fixed-term certificates of indebtedness of federally
7 insured credit unions which are fully secured at all times as to pay-
8 ments of principal and interest by investments described in (1), (2) of
9 this subsection;

10 (8) corporate debt securities which are rated AA or better
11 by a nationally recognized rating service;

12 (9) short-term corporate promissory notes of the highest
13 ratings assigned by a nationally recognized rating service;

14 (10) bankers' acceptances drawn on and accepted by United
15 States banks each of which have a combined capital and surplus aggre-
16 gating at least \$200,000,000;

17 (11) repurchase agreements, the securities underlying the
18 agreements being any of the items in (1) - (3) and (8) - (10) of this
19 subsection;

20 (12) the guaranteed portion of Federal Small Business Adminis-
21 tration loans;

22 (13) the portion of first lien real estate mortgages guaran-
23 teed by the Federal Veterans Association;

24 (14) the portions of business and industrial loans made under
25 the Rural Development Act of 1972 which are guaranteed by the Farmer's
26 Home Administration;

27 (15) the guaranteed portion of Farmer's Home Administration
28 loans;

29 (16) notes secured by mortgages of residential real estate if

1 the mortgages are insured by a private mortgage insurance corporation
2 which is authorized to do business in Alaska and has combined capital,
3 surplus and reserves aggregating at least \$20,000,000; the minimum
4 coverage shall be 10 percent for loans having a loan-to-value ratio of
5 less than 90 percent, and the minimum coverage shall be 20 percent for
6 loans having a loan-to-value ratio of 90 percent or more.

7 (h) The board may enter into future contracts for the sale of
8 investments purchased under (g) of this section only for the purpose of
9 hedging an existing equivalent ownership position in these securities.

10 (i) Investments under (g)(8) of this section may not exceed 25
11 percent of the total investments of the fund. Investments under (g)(16)
12 of this section may not exceed in the aggregate 15 percent of the total
13 investments of the fund.

14 (j) The assets of the fund may not be used for the purchase of
15 bonds of a corporation, upon which any regular interest payment has
16 been defaulted within five years before purchase, except bonds never in
17 default but which have been outstanding for less than five years.

18 (k) The board shall establish and from time to time as necessary
19 modify guidelines for the investment of the assets of the fund. Before
20 adoption of any guidelines the guidelines shall be reported to the
21 Legislative Budget and Audit Committee for review and comment.

22 (l) The board shall invest the assets of the fund in in-state
23 investments to the extent in-state investments are available if the
24 in-state investments

25 (1) have a risk level and expected yield comparable to
26 alternate investment opportunities; and

27 (2) are included in the list of permissible investments in
28 (g) of this section.

29 Sec. 37.14.129. GAINS AND LOSSES. At the end of each fiscal

1 year, the total amount of losses on the sales of securities, not offset
2 by gains on the sales of securities during that year, shall be computed,
3 with a portion of these losses to be deducted each fiscal year from the
4 income and the resulting amount of income added to the principal of the
5 fund. Losses taken on the sales of securities shall be accumulated
6 over a period equal to the average remaining life of the securities
7 sold, unless these losses are offset by gains on future sales of securi-
8 ties. In any fiscal year in which the gains on the sales of securities
9 exceed the losses on the sales of securities, the excess shall be added
10 to the principal of the fund.

11 Sec. 37.14.131. INCOME. (a) The interest received in a year is
12 the income of the fund for that year. The income available for dis-
13 bursement will be the lesser of the latest fiscal year's income, or the
14 average annual current income for the past five fiscal years of the
15 fund at cost, and after adjustment for capital losses charged to that
16 fiscal year.

17 (b) The income available for disbursement shall be disbursed as
18 follows:

19 (1) the board shall pay to the commissioner of administra-
20 tion, not later than June 30 annually, the amount required for support
21 of state aid to local school districts under AS 14.17 for the next
22 fiscal year of the state; the commissioner of administration shall
23 deposit the payment to the public school foundation account as required
24 by AS 14.17.010(a)(2);

25 (2) not more than one percent of the balance of the income
26 of the fund not paid to the commissioner of administration under (1) of
27 this subsection may be used by the board, at its discretion, for educa-
28 tion studies, for demonstration programs in elementary, secondary, or
29 special education, and for projects that seek to improve the quality,

1 management, or delivery of education services in the state;

2 (3) an amount which the board approves may be used for
3 operating expenses of the board;

4 (4) the balance of the income after providing for (1) - (3)
5 of this subsection shall be added to the principal of the fund.

6 Sec. 37.14.133. BOARD BUDGET. The operating budget of the board
7 shall be derived from the income of the fund.

8 Sec. 37.14.135. AUDITS. The Legislative Budget and Audit Com-
9 mittee shall provide for an annual post audit and annual operational
10 and performance evaluations of fund investments and investment pro-
11 grams.

12 Sec. 37.14.137. REPORTS AND PUBLICATIONS. (a) By March 31 of
13 each year, the board shall publish a report of the fund for distribu-
14 tion to the governor, legislature, and the public. The report shall be
15 written in easily understandable language. The report must include
16 financial statements audited by independent outside auditors, a state-
17 ment of the amount of money received by the fund from each investment
18 during the period covered, a statement of investments of the fund
19 including an appraisal at market value, a description of investment
20 activity during the period covered by the report, an examination of the
21 impact of the investment criteria of this chapter on the fund portfolio
22 with recommendations of any needed changes, and any other information
23 the board believes would be of interest to the governor, the legisla-
24 ture, and the public.

25 (b) The annual income statement and balance sheet of the fund
26 shall be published in at least one newspaper in each judicial district.

27 Sec. 37.14.139. POLITICAL ACTIVITIES. The resources of the fund
28 may not be used to finance or influence political activities.

29 Sec. 37.14.141. PUBLIC ACCESS TO INFORMATION. Information in the

1 possession of the board is a public record, except that information
2 which discloses the particulars of the business or affairs of a private
3 enterprise or investor is confidential and is not a public record.
4 Confidential information may be disclosed only for the purposes of an
5 official law enforcement investigation or when its production is re-
6 quired in a court proceeding. These restrictions do not prohibit the
7 publication of statistics presented in a manner that prevents the
8 identification of particular reports, items, persons, or enterprises.

9 Sec. 37.14.143. ADVISORY COUNCIL. (a) The board may appoint an
10 advisory council to advise it as to use of income available for dis-
11 bursement under AS 37.14.131(b)(2).

12 (b) The advisory council consists of not more than nine members,
13 all of whom shall be persons associated with elementary, secondary, and
14 special education in the state.

15 (c) The board shall adopt regulations for the manner of operation
16 of the advisory council.

17 Sec. 37.14.145. DEFINITIONS. In AS 37.14.111 - 37.14.145,

18 (1) "board" means the board of trustees of the Alaska educa-
19 tion endowment fund;

20 (2) "fiscal year" means the calendar year beginning January 1
21 and ending December 31;

22 (3) "fund" means the Alaska education endowment fund.

23 * Sec. 2. AS 14.07.150 is amended by adding a new subsection to read:

24 (b) The provisions of (a) of this section do not apply to income
25 of the Alaska education endowment fund disbursed by the board of trust-
26 ees of the Alaska education endowment fund for purposes authorized by
27 AS 37.14.131(b)(2).

28 * Sec. 3. AS 14.17.010(a) is amended to read:

29 (a) The public school foundation account is established. The

1 account consists of

2 (1) appropriations made by the legislature for distribution
3 to districts or for centralized correspondence study programs under
4 this chapter;

5 (2) money transferred by the board of trustees of the Alaska
6 education endowment fund to the commissioner of administration under
7 AS 37.14.141(b)(1) and deposited by the commissioner of administration
8 to the account.

9 * Sec. 4. The following laws are repealed: AS 37.14.110, 37.14.120,
10 37.14.130, 37.14.140, and 37.14.150.

11 * Sec. 5. APPOINTMENT OF FIRST BOARD OF TRUSTEES. (a) The governor
12 shall appoint the first members of the board of trustees of the Alaska
13 education endowment fund within 60 days after the effective date of this
14 Act.

15 (b) The terms of the members of the board of trustees of the Alaska
16 education endowment fund first appointed by the governor shall be staggered
17 as follows:

- 18 (1) one member shall be appointed for a term of one year;
19 (2) one member shall be appointed for a term of two years; and
20 (3) one member shall be appointed for a term of three years.

21 * Sec. 6. FIRST MEETING OF THE BOARD OF TRUSTEES. The first meeting of
22 the board of trustees of the Alaska education endowment fund shall be held
23 within 30 days of the appointment of all members of the board.

24 * Sec. 7. TRANSITION. The commissioner of revenue shall transfer the
25 assets of the public school fund (AS 37.14.110 - 37.14.150) to the Alaska
26 education endowment fund established by this Act after request for transfer
27 is made by the board of trustees of the Alaska education endowment fund.

28 * Sec. 8. MORATORIUM ON DISBURSEMENT OF INCOME. Notwithstanding AS 37.-
29 14.131(b)(1), the board of trustees of the Alaska education endowment fund

1 may not be required to pay income available to the commissioner of adminis-
2 tration before July 1, 1983.

3 * Sec. 9. This Act takes effect July 1, 1981.
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Lee Dorson -

Sch. Land Trust -

Public Sch. Fund from land supposed to be given.

Problems - Dedication of Fund? Const. Amendment.
During Interim - investigate

Darryl Hartgrove - Home - Pres. AA Sup. of Sch.
Dr. Norm Hall

Const. of 1950 allows this Fund.

Permanent
School
Fund

Texas Sch. Fund - 100+ yrs in operation

Round Rock Sch., Texas

1854 - 2M

\$2.7B today in fund

\$157,000,000 yr income
\$790 M's total dep 136 yd.

What is make of your Board of Trustees?

Could you sent statute & inform. on make up of Board.

Only op. - Maintenance cost

State Income Tax?

Local prop tax for schools

1160 Sch. Districts
at no time wanted
need to use monies for
state.

St. Property tax - Yes - varies and is substantial

Sales Tax - 5%

\$67 per capita returned to local schools -
1-12

\$4B - per yr. total school cost in Texas

John Ober - NEAK.

4-1-87

84185

- Russell Horngren, Pres. AASA - of name

+ DR. Hall of Texas

2.7 B today \rightarrow 180 m revenues

what rate?

(790 m
total Rev)

- How Texas have Perm. Fund (general)

- Rate of return on Fund.

Don O'Leary -

Fund provides only part of pub. ed. costs.

4.1.81

1173 84 485

more

See growth wof a

> 400 in state spend 1980

1990 - 1 Billion

2000 - 2.5 "

} we can't do it he says
8% infl + 2% pop growth

sect. 6 & 36 - 100 on ac,
should have been 5-6x

Unconstitutional? - may need voter approval +
due to const.

P.6 - in state - investment

Q

Term fund should be adequate

Expenses rise due to infl. etc. Gov or don. req.,
voter approval + can court.

Same argument for Police, health care, etc

H + 55

H B

9 1

COMMITTEE REPORT

HOUSE

2/4/81

FURTHER: FINANCE

(5)

Date: Apr 12 9, 1981

Mr. Speaker:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had HB 91

"An Act relating to domestic violence, sexual assault, and adult crisis intervention programs."

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 HB 91 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]
[Signature]

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

[Signature]
CHAIRMAN



Alaska Network on Domestic Violence and Sexual Assault

AWAIC, Inc.
Anchorage
Shelter
274-4561
Community Office
279-9581
Male Awareness Project
279-9581

AWAIC, Inc.
Juneau
586-6623

Arctic Women's Group
Barrow

Beving Sea Women's Group
Nome
443-3444

Family Violence Counselor
Hoonah Dept.
Kodiak
486-3221

Kenai-Soldotna
Women's Resource Center
Soldotna
262-9378

Kodiak Women's Resource Center
Kodiak
486-5038

YVCCA, Inc.
Fairbanks
452-2293

Women in Safe Homes
Ketchikan, Alaska
235-2730

Tundra Women's Center
Bethel
343-3433

ATTACHMENT I

List of Program and Budget Request

ATTACHMENT II

Chart

- 1) amount requested last year (FY 81)
- 2) legislative appropriation
- 3) governor's cut
- 4) other operating funds - CETA, VISTA, LEAA, Municipal
- 5) actual 81 operating budget
- 6) request for FY 82 from Network
- 7) DHSS proposed FY 82 budget
- 8) difference between Network request and DHSS proposal.

ATTACHMENT III

Individual Program Budget Descriptions

Abused Women's Aid in Crisis, Inc.
 FY '82 Legislative Appropriation Request

100)	Personal Services		
	A. Salaries		
	I. Executive Director	@ \$2100/mo. x 12	\$ 25,200
	Admin. Asst./Secretary	@ \$1357/mo. x 12	16,282
	II. Men's Program Coordinator	@ \$1900/mo. x 12	22,800
	Men's Counselor	@ \$1500/mo. x 12	18,000
	Men's Counselor-Part Time	@ \$ 800/mo. x 12	9,000
	III. Shelter Program Coordinator	@ \$1666/mo. x 12	20,000
	Counseling Coordinator	@ \$1666/mo. x 12	20,000
	Admin. Coordinator	@ \$1500/mo. x 12	18,000
	Child Care Coordinator	@ \$1500/mo. x 12	18,000
	Child Care Counselor	@ \$1272/mo. x 12	15,264
	Child Care Counselor	@ \$1272/mo. x 12	15,264
	Nutritionist	@ \$1372/mo. x 12	16,464
	Direct Service Counselor - Nights	@ \$1378/mo. x 12	16,464
	Direct Service Counselors		
	A.	@ \$1472/mo. x 12	17,660
	B.	@ \$1440/mo. x 12	17,280
	C.	@ \$1378/mo. x 12	16,536
	D. (3)	@ \$1272/mo. x 12	45,692
			<u>\$327,906</u>
	B. Merit Increases @ 8%		26,232
			<u>\$354,138</u>
	C. Fringe Benefits @ 23%		81,452
			<u>\$435,590</u>
		TOTAL PERSONAL SERVICES	\$435,590
200)	Travel		
	A. Staff Travel:		
	Local, client related		\$ 4,200
	Professional Management		2,000
	Training/Outreach		1,600
	B. Client Travel		2,000
	C. Per Diem @ \$70/day		1,120
			<u>11,920</u>
		TOTAL TRAVEL	\$11,920
300)	Facility Expense		
	Rent: Shelter @ 2700/mo. x 12;		
	Men's Counseling @ 300/mo. x 12;		
	Community Office @ 300/mo. x 12.		\$42,000
	Utilities: (3) locations @ 600/mo. x 12		7,200
	Maintenance - to bring Shelter into compliance		4,300
	Telephones: (3) locations @ 626/mo. x 12		7,512
	Postage @ 100/mo. x 12		1,200
			<u>\$62,212</u>
		TOTAL FACILITY EXPENSE	\$62,212
400)	Supplies		
	Office: (3) programs @ 250/mo. x 12		\$ 3,000
	Program		2,400
	Household		2,900
	Food @ 2.33/person x 35 persons x 365 days		29,766
			<u>\$38,066</u>
		TOTAL SUPPLIES	\$38,066

Abused Women's Aid in Crisis, Inc.
FY '82 Legislative Appropriation Request

CONTINUED:

500) Equipment		
Maintenance & Repairs		\$ 3,187
Lease/Rental		-0-
Purchase: typewriter, wheel chair ramps		<u>2,868</u>
	TOTAL EQUIPMENT	\$ 6,055
600) Other Operating Expenses		
Professional Services:		
Accountant		\$ 8,000
Training		3,000
Program Evaluation		3,000
Advertising (for employees)		600
Printing, Copying		3,500
Insurance - fire, auto, liability		<u>3,740</u>
	TOTAL OTHER OPERATING EXPENSES	\$21,840
	TOTAL BUDGET	<u>\$574,683</u>

891 XOD 928 p.o. box 188
(907) 276-0528 (406)

anchorage, alaska 99510

100 Personnel

Executive Director	2208.33/mo.	26,500
Administrative Assistant	1400.00/mo.	16,800
I & R Coordinator	1833.33/mo.	22,000
I & R Outreach	1400.00/mo.	16,800
I & R Outreach	1200.00/mo.	14,400
DPH Coordinator	1666.66/mo.	20,000
DPH Outreach (project assist)	1200.00/mo.	14,400
Volunteer Coordinator 1/2time	650.00/mo.	7,800
Education Coordinator 1/2time	650.00/mo.	7,800

	<u>146,500</u>
merit	<u>11,712</u>
	<u>158,212</u>
fringe(22%)	<u>34,806</u>
total	193,018

200 Travel

1 Division trip Juneau	250.
2 Days per diem 77	154.
3 Network trips	750.
9 Days per diem 77	693.
2 Region X Conference	800.
6 Days per diem 50	500.
1 National Conference	700.
4 Days per diem 60	240.
Staff Training	2000.

total 5,887.00

300 Facility Expense

Rent-office 2500 square feet at 62c	18,600.
Telephone 200/month 2400.	
long dial100/month 1200.	
	<u>3,600.</u>
Parking space 25/mo. x 9	<u>2,700.</u>
	24,000.00

alaska WOMEN'S RESOURCE CENTER

AWRC Budget
page two

400 Supplies

Office	200/mo. x 12	2,400.
Literature	films/books	600.
Cleaning	20/mo.	240.
Food	25/mo.	300.
		<u>3,540.00</u>

500 Equipment

Typewriter rental	60/mo.	720.00
-------------------	--------	--------

600 Other Operating Expenses

Accounting	800/mo. x 12	9,600.
Counseling		100,000.
Xeroxing		2,400.
Liability Insurance		250.
Subscriptions		200.
Printing-Advertising		1,000.
		<u>113,450.00</u>

Total	100	193,018
	200	5,887
	300	24,000
	400	3,540
	500	720
	600	<u>113,450</u>
		341,515