

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 8072

2018 HSA HB 600 & HB 612 - HB 608 208

STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES <b>POLICY AND PROCEDURES</b>		P & P No. 28-8000	Page 7 OF 8
		Effective Date March 26, 1981	
SUBJECT Selection of Professional and Specialty Services Contractors		Supersedes P & P No. 10-0006	Dated 10/1/78
		APPROVED BY <i>Robert A. Ward</i>	
DIVISION Support Services	SECTION Contracts Administration	CHAPTER TITLE Procedure	
<p>7.13 Prepare an Evaluation Report which identifies Committee members, all responsive Contractors, Committee member scores and total scores for each Contractor, the Short List, and indicates if technical and/or priced proposals will be requested from Contractors on the Short List. Contractors whose submittals were rejected should be identified, including the reason for rejection. If the Short List is not based on the highest numerical scores, document the reason(s). Attach one copy of the Expression of Interest questionnaire used for the evaluation.</p> <p>7.14 Obtain Approval for Negotiations (AFN) with Contractors on the Short List using DOT/PF Form 25A251.</p> <p>A. Copies of the Committee Evaluation Report, or a memorandum stating why Committee selection not required and documenting the bases of selection, and an uncompleted Expression of Interest questionnaire must be attached.</p> <p>B. All approvals indicated on the AFN Form must be obtained before a contract is executed. Negotiations may begin, however, following signature on the AFN by the individual authorized by Delegation of Authority to execute the contract.</p> <p>7.15 Mail approved Short List to all respondents.</p> <p>7.16 Either negotiate with Contractors on the Short List in the order listed or solicit and evaluate technical and/or priced proposals, as appropriate, from all Contractors on the list. (Guidelines for preparing Requests for Proposals (RFP) and evaluating proposals are contained in the State Administrative Manual - Sections 8142 and 8144.)</p> <p>A. Technical Proposals must be solicited from Contractors on the Short List when any of the following apply:</p> <p style="padding-left: 40px;">Services required are unusually large or complex;</p> <p style="padding-left: 40px;">Scope of Services is not clearly defined;</p> <p style="padding-left: 40px;">Requested by a simple majority of the Evaluation Committee.</p> <p>B. Priced Proposals should be requested in accordance with Division policy, the type and scope of services desired, and professional practice.</p> <p>C. If negotiations cannot be concluded within the amount stated in the AFN, verbal approval of the increased amount must be obtained from the individual authorized by Delegation of Authority before the Contract is executed by either party, following which a revised AFN to document such approval must be processed.</p>			

STATE OF ALASKA  
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES  
**POLICY AND PROCEDURES**

P & P No.	Page
28-8000	8 OF 8
Effective Date	
March 26, 1981	
Supersedes P & P No.	Dated
10-0006	10/1/78
APPROVED BY	
<i>Robert W. Ward</i>	

SUBJECT  
Selection of Professional and  
Specialty Services Contractors

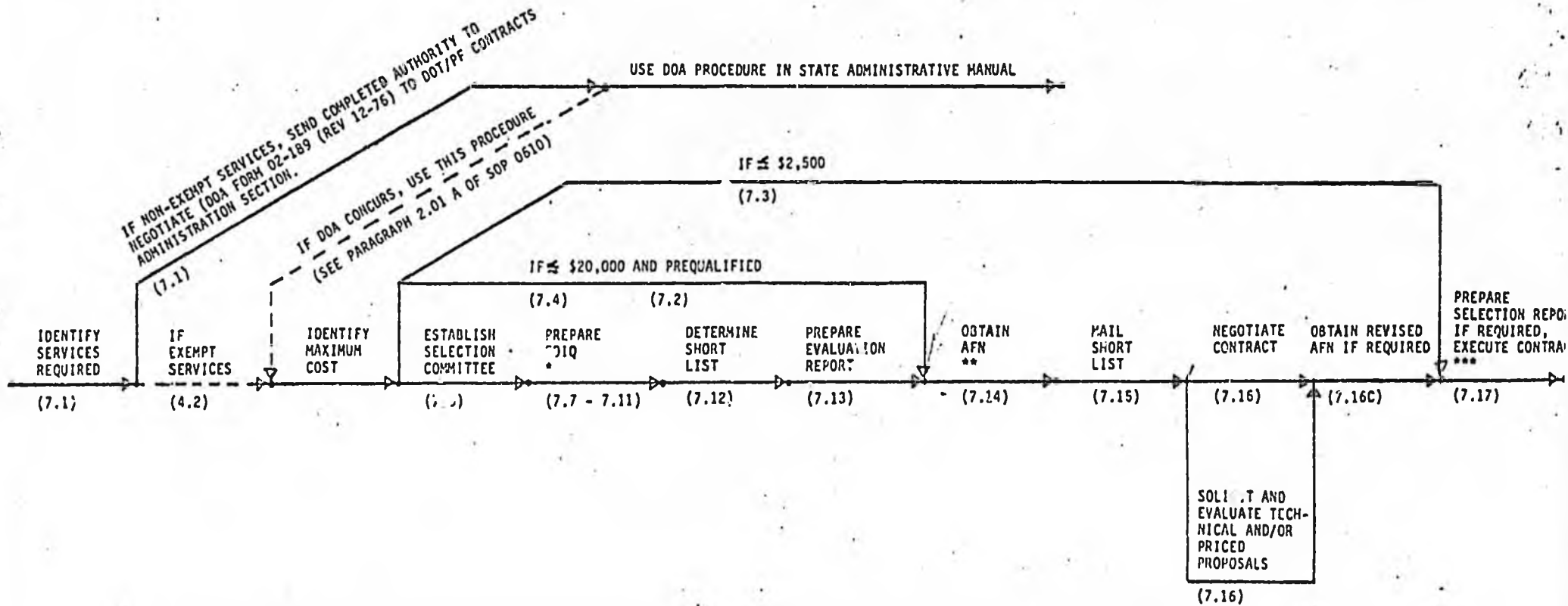
DIVISION	Support Services	SECTION	Contracts Administration	CHAPTER TITLE	Procedure
----------	------------------	---------	--------------------------	---------------	-----------

7.17 Select Contractor and prepare and execute contract in accordance with current DOT/PF Policy and Procedure. If selection was based upon technical and or priced proposals from several Contractors a Committee Report which documents such action must accompany the Contract when forwarded for execution for the Department.

8.0 IMPLEMENTATION

8.1 Directors are responsible for establishing divisional procedures to augment this Department Procedure as applicable to each Division's functions and to maintain records of all selection and Contracting actions.

DIAGRAM CHECKLIST FOR SELECTION PROCEDURE  
( DOT/PF P&P 28-8000 )



\*EOIQ = EXPRESSION OF INTEREST QUESTIONNAIRE. USE STANDARD EOIQ FORM AND SCORING SHEETS CONTAINED IN SOP 0610 AS EXHIBITS D, E AND F.

\*\*AFN = AUTHORITY FOR NEGOTIATIONS, DOT/PF FORM 25A251 (1/81) SEE ALSO PARAGRAPHS 2.01 B AND C OF SOP 0610.

\*\*\*NOTE: IF NON-EXEMPT SERVICES, COORDINATE WITH DOT/PF CONTRACTS ADMINISTRATION TO OBTAIN DOA CONCURRENCE AND SIGNATURE.

#B 612 - Federal Brooks bill  
23-28 states. model procurement  
bill.

can't adopt work state laws -  
blame Alaska law for const. law

professional selection procedure rather  
than bidding procedure.

Frank Glavin  
 Billings Requested by Ombudsman  
 304 hearings in 81

HB 156 Leg Contracting  
 \$5,000 limit

Administration - Executive Branch - Reinwand  
 CS takes out judiciary + U of A.

all members supported CS. most similar to 156

2 CS Proposals Finance

1. for Admin Smith or Miller

In addition sole source - made more flexible

Common sense - A

CS w/ penalty B

will bring by report this afternoon

HB

602

## HOUSE BILL NO. 603

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to relocation of the state capital: repealing and reenacting the law enacted by the initiative popularly known as the 'FRANK Initiative' to provide for the determination of the costs of capital relocation."

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

\* Section 1. AS 44.06.196 is repealed and reenacted to read:

Sec. 44.06.196. CAPITAL RELOCATION EXPENDITURES. (a) Except for money used for planning, design, studies, and field investigations in accordance with the provisions of AS 44.06.200 -- 44.06.290, state money may be spent to relocate the state capital from its present location to the new capital site at Willow only after a majority of those voting on the proposition at the 1982 general election have approved a ballot proposition which includes the total cost to the state of providing for completion of relocation of a functional state capital at the new capital site at Willow as provided in this section.

(b) The ballot must contain an estimate from each of the branches of government of the number of central state employees reasonably expected to be relocated by it from Juneau and other existing, named locations to the new capital site at Willow and a breakdown of costs estimated by the commission for capital improvements, relocation of personnel and equipment, and indemnification under AS 44.03. The sum of the following, as estimated by the New Capital Site Planning Commission, shall be the costs submitted to the voters on the ballot proposi-

HB 603

COMMITTEE COPY

-i-

*Reiter*

tion:

(1) the cost to the state as of the relocation completion date of the land development, capital improvements, and furnishings necessary to provide a functional state capital;

(2) the cost to the state as of the relocation completion date of relocating the central state employees and their dependents and household goods to Willow;

(3) the cost to the state as of the relocation completion date of moving offices, office equipment, and office contents sufficient to accommodate the central state employees at Willow;

(4) the cost to the state as of the relocation completion date of the indemnification requirements of AS 44.08;

(5) the cost to the state of the plans, designs, studies, and field tests for relocation of the capital through the relocation completion date;

(6) the cost to the state of the elements set out in the detailed development plan described in AS 44.06.230, including payments deferred beyond the relocation completion date, to the extent those costs are not otherwise provided for in items (1) - (5) of this subsection; and

(7) the cost to the state of financing the costs specified in this section.

(c) The New Capital Site Planning Commission shall make the cost estimates provided in (b) of this section by updating its detailed development plan and cost estimates of March 15, 1978, to reflect the passage of time. In making its update, the commission shall revise those assumptions in the plan, if any, which are shown by substantial evidence to be erroneous and shall use the average rate of growth for central state positions and the average annual rate of inflation for

1 construction costs and for other costs for the preceding 10 years, tak-  
2 ing into account any unusual growth or decline in growth caused by spe-  
3 cial circumstances.

4 (d) The commission shall update its estimate of the net proceeds  
5 (increased value less current value) reasonably expected to be received  
6 from the disposal of land at the capital site through the relocation  
7 completion date. The commission shall also estimate the costs for con-  
8 struction of new or enlarged public facilities or new or expanded  
9 leases at Juneau through the relocation completion date, based on the  
0 state's past and current practice of providing public facilities at  
1 Juneau, which may reasonably be expected not to be incurred by the  
2 state, if the capital is relocated by the relocation completion date.  
3 These costs and the net proceeds from land disposal, together with the  
4 total costs of relocation, as estimated under (b) of this section,  
5 shall be included in the explanation in the Official Election Pamphlet  
6 (AS 15.58) of the proposition prepared under (a) of this section.

7 (e) In making its estimates, the commission shall neither over-  
8 state nor understate the costs, but rather shall make the most realis-  
9 tic estimates possible with the evidence available to it.

10 (f) The commission shall, on August 16, 1982, provide the legis-  
11 lature, the governor, the lieutenant governor, the director of elec-  
12 tions, and the public with its updated plan and a report setting out  
13 the cost estimate required by this section and the number of central  
14 government employees to be relocated from existing, named locations to  
15 the new capital.

16 (g) After receipt of the report of the commission, the director  
17 of elections shall prepare a ballot proposition in accordance with (a)  
18 of this section and place it on the ballot at the 1982 general election.

19 (h) In this section

(1) "functional state capital" means a city which has the public buildings, public utilities, access roads, streets, and other facilities necessary to meet the operational needs of state government and to accommodate the numbers and classifications of central state employees estimated in (b), the population estimated in (b), and the general public;

(2) "central state employees" means employees principally involved in matters which concern statewide activities of the state government rather than regional or local activities of the state government; and

(3) "relocation completion date" means the date which the commission, based on substantial evidence, estimates is the earliest practical date by which a functional state capital can be established in Willow.

\* Sec. 2. AS 44.06 is amended by adding new sections to read:

Sec. 44.06.270. GENERAL DEVELOPMENT PLAN. (a) Simultaneously with the update of the basic development plan, the commission shall begin preparation of a general development plan and preparation of a specific development plan for the new capital site at Willow. To the extent that they are not adequately covered by the 1975 basic development plan prepared by the commission, the general development plan shall include, but is not limited to,

(1) an estimate of the proposed uses of land throughout the entirety of the new capital site at Willow, with a general allocation of the amounts and proportions of land to be devoted to governmental, residential, commercial, industrial, institutional, and public uses, and indicating the anticipated population and building densities for the new capital site at Willow based on the proposed uses of the land;

(2) an estimate of the cost, number, nature, and general lo-

cations of governmental and institutional facilities relating to use of the site as the new capital of the state, public transportation and major arterial street systems, parks and recreational facilities, water, sewer and drainage systems, electric, telephone and other energy or communications systems or utilities, and health, educational and community facilities;

(3) the approximate time schedule for the stages of development of the new capital site at Willow with reference to both the various parts of the new capital site and to the various types or categories of land uses proposed;

(4) the means of financing the facilities described in (2) of this subsection, the anticipated sources of money for completion of the facilities, and the means by which borrowed money required to complete the facilities is to be repaid; and

(5) any additional statements or documentation the corporation considers necessary or appropriate.

(b) The commission shall include in the general development plan an estimate of

(1) the minimum acreage of land to be allocated for the location and construction of state offices and related state facilities; and

(2) the minimum acreage of land to be set aside and allocated for parks, lakes, recreation and open space use, which, when developed, is available for the use and enjoyment of the general public.

(c) The commission shall hold at least one hearing in each judicial district of the state to receive comments from interested parties on the general development plan proposed by the commission. Each hearing shall be held in a community of the state selected by the commission. Public notice of a hearing under this subsection shall be given

2 by the commission by publication in a newspaper of general circulation  
3 in the community.

4 (d) Following the completion of public hearings, the commission  
5 shall approve the general development plan. The plan may be approved  
6 with or without amendment. To be adopted, the general development plan  
7 requires approval by at least two-thirds vote of the full membership of  
8 the commission upon a finding that the plan is in accordance with and  
9 furthers the purposes of this chapter. The commission shall submit the  
10 general development plan to the assembly of the Matanuska-Susitna Bor-  
11 ough and becomes effective only after review and comment by the assem-  
12 bly. The assembly shall submit its comments on the general development  
13 plan to the commission not later than 60 days after submission of the  
14 plan to the assembly.

15 (e) Major amendments to the general development plan may be made  
16 in accordance with the same procedure set out in this section for ap-  
17 proval of the plan. Minor amendments of limited application may be  
18 made without following the procedure of this section. However, when  
19 adopting a minor amendment, the commission shall publish notice of the  
20 proposed amendment which it considers appropriate and shall invite  
21 written comments on the proposed amendment before its adoption. An  
22 amendment to the general development plan takes effect on the date set  
23 by the commission. However, a major amendment may not take effect un-  
24 less it is reviewed by the Matanuska-Susitna Borough in accordance with  
25 (d) of this section.

26 Sec. 44.06.280. SPECIFIC DEVELOPMENT PLANS. (a) After adoption  
27 of the general development plan, the commission shall also prepare one  
28 or more specific development plans for the new capital site at Willow.  
29 A specific development plan includes, but is not limited to,

(1) a description of the area to be developed;

1 (2) a detailed and specific statement of the proposed uses  
2 in the area to be developed, including proposed locations of all build-  
3 ings and structures;

4 (3) a general description of the land-use restrictions or  
5 covenants proposed for the area to be developed;

6 (4) a map of the existing and proposed transportation and  
7 utility systems in the area to be developed;

8 (5) a statement of the methods by which the property in the  
9 area to be developed may be disposed of;

10 (6) a statement of the relationship between the specific de-  
11 velopment plan and the general development plan; and

12 (7) any additional statements or documentation which the  
13 commission considers necessary or appropriate.

14 (b) A specific development plan shall be approved by the commis-  
15 sion. A specific development plan becomes effective only after review  
16 and comment by the assembly of the Matanuska-Susitna Borough. The as-  
17 sembly shall submit its comments within 60 days of submission of the  
18 plan to the assembly.

19 (c) Amendments to a specific development plan may be made accord-  
20 ing to the procedure established in this section for approval of a sp-  
21 cific development plan.

22 (d) The commission shall record a specific development plan and  
23 any amendments in the appropriate recording district.

24 (e) A specific development plan constitutes the controlling docu-  
25 ment and land use plan for the area to be developed.

26 (f) Approval of a specific development plan is an amendment to  
27 the relevant portion of the general development plan. A specific de-  
28 velopment plan which constitutes a substantial change from the general  
29 development plan is subject to the provisions applicable to amendments

Sec. 44.06.290. As used in AS 44.06.195 - 44.06.290, the word

"commission" means the New Capital Site Planning Commission.

\* Sec. 3. FILLING VACANCIES IN COMMISSION MEMBERSHIP; MEETING. Within 15 days after the effective date of this Act, the governor shall fill any vacancies in the membership of the commission and shall call the first meeting of the commission.

COMMITTEE COPY

HOUSE BILL NO. 602

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the relocation of the capital."

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

\* Section 1. Within 15 days after the effective date of this Act, the governor shall select a certified public accountant from Anchorage and a certified public accountant from Fairbanks who together shall select a third certified public accountant, subject to the approval of the governor, and the three so selected shall jointly update the March 1978 report of the New Capital Site Planning Commission with respect to the total costs of relocating the capital from Juneau to Willow.

\* Sec. 2. (a) In updating the report of the commission, the three certified public accountants shall

(1) consult with available members and former members of the commission to familiarize themselves with the work of the commission;

(2) examine and revise any assumptions made by the commission or contained in AS 44.06.230 which are shown by substantial evidence to be erroneous; and

(3) use the average annual rate of growth in numbers of central state positions and the average annual rate of inflation for construction costs and for other costs for the preceding 10 years, taking into account any unusual changes in the rates caused by special circumstances which are not likely to be recurring. Meetings of the three certified public accountants are subject to AS 44.62.310 - 44.62.312.

(b) The three certified public accountants shall neither overstate nor understate the costs, but rather shall make the most realistic estimates

possible with the evidence available to them.

\* Sec. 3. On August 16, 1982, the three certified public accountants shall make a public report of the total updated costs to be paid for relocating the capital from Juneau to Willow.

\* Sec. 4. The director of elections, using the total cost of relocating the capital as updated under sec. 2 of this Act by the three certified public accountants, shall place the following proposition on the ballot at the November 1982 general election:

I approve the expenditure of \$ \_\_\_\_\_ (total costs)  
to create a new capital at Willow South to which a major-  
ity of the state's central employees will be relocated.

YES \_\_\_\_\_

NO \_\_\_\_\_

H

B

6

0

8

# COMMITTEE REPORT

## HOUSE

6/9/81

FURTHER: FINANCE

(5)

Date: 6-23-81

Mr. Speaker:

The Committee on STATE AFFAIRS has had HR 606

"An Act establishing uniform administrative procedures for grants to and contracts with nonprofit organizations, and providing for an effective date."

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)  same title
- replace with CS for HR 608  new title
- and recommends DO PASS
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CHAIRMAN

A M E N D M E N T

OFFERED IN THE HOUSE:

By: State Affairs

To: Amend HOUSE BILL No. CSHB 608

SENATE BILL No. \_\_\_\_\_

PAGE: \_\_\_\_\_

LINE: \_\_\_\_\_

Page 2, line 11:

after "for" add "single" so that the line reads:  
(F) provisions for single annual audits;

Page 2, lines 20 & 21:

after "grants." Add this sentence "A nonprofit corporation may not receive a grant unless it has a current certification."

A M E N D M E N T

TO: CSHB 608(SA)

By Metcalfe

Page 2, line 26: change the period to a semicolon

Page 2, following line 26, insert the following material:

"(4) require that each application for a contract with or grant to a nonprofit organization list all contracts with or grants from a federal, state, or local government or agency that the nonprofit organization has applied for or received within one year preceding the date of the application."

A M E N D M E N T

TO: CSHB 608(SA)

By Metcalfe

Page 2, line 26: change the period to a semicolon

Page 2, following line 26, insert the following material:

"(4) require that each application for a contract with or grant to a nonprofit organization list all contracts with or grants from a federal, state, or local government or agency that the nonprofit organization has applied for or received within one year preceding the date of the application."

AMENDMENT

OFFERED IN THE HOUSE:

By: State Affairs

To: Amend HOUSE BILL No. CSHB 608

SENATE BILL No. \_\_\_\_\_

PAGE: \_\_\_\_\_

LINE: \_\_\_\_\_

Page 2, line 11:

after "for" add "single" so that the line reads:  
(F) provisions for single annual audits;

Page 2, lines 20 & 21:

after "grants." add this sentence "A nonprofit corporation may not receive a grant unless it has a current certification." - *Bill Beerin*

*called w/ different wording - seems OK - grammatical*

Berrier ✓✓

*Admiral?*

Original sponsors: Meekins and Beirne

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 608 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing uniform administrative procedures  
7 for grants to and contracts with nonprofit organiza-  
8 tions; and providing for an effective date."

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

10 \* Section 1. FINDINGS. The legislature finds that there is a need for  
11 consistency and uniformity in administration of grants and contracts to  
12 nonprofit organizations. The legislature further finds that nonprofit organi-  
13 zations that receive grant or contract money from the state, for programs to  
14 benefit the residents of the state, should have sound administrative struc-  
15 tures including (1) a governing board, (2) a personnel system, (3) an account-  
16 ing system, and (4) appropriate administrative personnel. These administra-  
17 tive costs should be allowed as indirect cost rates that may be unique and  
18 individual for each nonprofit organization that receives grant or contract  
19 money from the state. The indirect cost rates should be determined indivi-  
20 dually for each organization based on independent final audit of the indirect  
21 costs for each grant or contract.

22 \* Sec. 2. AS 37.05 is amended by adding a new section to read:

23 Sec. 37.05.314. ADMINISTRATIVE PROCEDURES FOR GRANTS TO AND CON-  
24 TRACTS WITH NONPROFIT ORGANIZATIONS. (a) The Department of Administra-  
25 tion shall

26 (1) develop uniform procedures for grants to and contracts  
27 with nonprofit organizations, including

28 (A) uniform proposal application procedures;

29 (B) uniform application review requirements;

1 (C) a consistent application of cost principles for  
2 nonprofit organizations;

3 (D) provisions for a consistent acceptance and payment  
4 of negotiated indirect cost rates using the federal cost rate if  
5 applicable or, if the federal rate is not applicable, a cost rate  
6 negotiated by the state with provisions for payment of individual  
7 costs based on final determination of the indirect cost properly  
8 incurred as shown by a fully certified audit by an independent  
9 audit firm;

10 (E) provisions for advances of grant or contract money;

11 (F) provisions for <sup>single annual</sup> annual audits;

12 (G) requirements of annual certification of administra-  
13 tive systems of the organization;

14 (H) identification and segregation of indirect costs  
15 relating to each grant;

16 (2) annually examine the administrative system of any non-  
17 profit organization ~~on request of the organization~~ and if the system is  
18 determined to be adequate for the purpose of state grants or contracts  
19 certify that the organization is eligible to receive state contracts or  
20 grants. *A non-profit corporation may not receive*

21 *a grant unless its certification is current*  
22 (3) require that each contract with or grant to a nonprofit  
23 organization from a state agency provide for payment of indirect costs  
24 of administration of the contract or grant at the rate established in  
25 the contract.

26 (b) The requirements of this section do not apply to a state  
27 agency that makes grants if the agency has developed procedures consis-  
28 tent with the requirements of this section, and the Department of Admin-  
29 istration has reviewed those procedures and has exempted the agency from  
the requirements. An exemption under this section must be renewed

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

annually, based on an annual evaluation of the procedures of the state agency.

\* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-070(c).

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. HB608  
 Title Establish Uniform Administrative Procedures for Non-Profit Organizations  
 Requested by House HESS Date \_\_\_\_\_

II. FISCAL DETAIL  
 Agency Affected Department of Administration, Division of Finance  
 Program Category Affected General Government  
 BRU, Program, Or Subprogram(s) Affected Accounting  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		83.1	89.7	96.9	104.7	113.1
200 TRAVEL		25.0	27.0	29.2	31.5	34.0
300 CONTRACTUAL		7.0	7.5	8.1	8.7	9.4
400 COMMODITIES		2.0	2.2	2.3	2.5	2.7
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		117.1	126.4	136.5	147.4	159.2

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		117.1	126.4	136.5	147.4	159.2
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		2.0	2.0	2.0	2.0	2.0
PART TIME						
TEMPORARY						

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

The services of an Internal Auditor II and III will be required to carry out the provisions of HB608. The auditors will be responsible for negotiating indirect cost votes for application to state grants and contracts for approximately 200 non profit organizations and will conduct annual examinations of internal accounting and administrative controls for 40-50 organizations. These will be the ongoing activities required in HB608.

The auditors will also be initially responsible for developing and implementing uniform procedures for grants to contracts with non profit organizations.

IV. DATE 1/27/82 PREPARED BY Robert L. Rehfeld  
 AGENCY Administration  
 PHONE 405-2277  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named) Meekins and Beirne



1	POSITION TITLE Internal Auditor III				RANGE/STEP 19A	BARG. UNIT. Supervisory	LOCATION Juneau	APPROV.	DISAPP.					
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 1?	PAGE/LINE	LEG.						
3	TYPE OF EXPENDITURE				JUSTIFICATION:									
	1	2	3											
4	PERSONAL SERVICES: SALARY 2837 x 12		34,044		<p>The Internal Auditor III working under control of the Director, Division of Finance will be responsible for the following activities:</p> <ol style="list-style-type: none"> <li>1) develop and effect implementation of uniform procedures for grants to and contracts with non profit organizations</li> <li>2) conduct annual examinations of non profit organizations to insure the adequacy of internal accounting and administrative controls for the purpose being eligible to receive and expend State funds</li> <li>3) negotiate indirect cost rates with non profit organizations for application to State grants and contracts.</li> </ol>									
5	BENEFITS @30.9%		10,520											
6	SBS													
7	FIXED BENEFITS													
8	TOTAL PERSONAL SERVICES		0144,564											
9	TRAVEL		02											
10	CONTRACTUAL		03											
11	COMMODITIES		04											
12	EQUIPMENT		05											
13	OTHER													
14	TOTAL COST		61.5											
15	RECEIPT CODE	FUNDING SOURCE												
16		FED RCPTS. 1002												
17		GF MATCH. 1003												
18		GEN. FUND 1004			61.5									
19		I-A RCPTS. 1005												
20		PGM RCPTS 1028												
21	CONTINUATION													
22	ADDITION		FOR B&M USE ONLY											
4A KEY NUMBER _____ COLUMN NO. _____														

AGENCY Administration, Finance PROGRAM Centralized Admin. Services

BRU Accounting

COMPONENT Accounting Services

**13** REQUEST FOR NEW POSITION.

Page 1 of 2 REVISED DATE \_\_\_\_\_

**FY 83**

Alaska State Legislature



House of Representatives

RAY METCALFE

POUCH V  
JUNEAU, ALASKA 99811

P.O. BOX 4-2766  
ANCHORAGE, ALASKA 99509

April 30, 1982

Dear:

Thank you for contacting me and expressing your concern on HB 608. It was the extensive correspondence from yourself and other similar organizations that prompted my decision to hold hearings on HB 608.

Following those hearings I found that there was clearly a need for consistency and uniformity in the administration of grants and contracts to nonprofit organizations. HB 608 sets out a fair and reasonable method providing oversight to the administration of grants and contracts to nonprofit organizations.

As Chairman of the State Affairs Committee and with the cooperation of the Committee members, I passed the Bill out of Committee and sent it on to the Finance Committee with our recommendation that it be considered as rapidly as possible. The Bill has since passed the House, and hopefully it will soon pass the Senate.

If you have any further questions, please feel free to call me at 465-4947.

Sincerely,

Ray Metcalfe  
Chairman  
State Affairs Committee

RHM/mjm

*Cord made ✓  
letter written*



# COOK INLET NATIVE ASSOCIATION

670 West Firweed Lane  
Anchorage, Alaska 99503  
(907) 278-4641

*608  
letter*

January 21, 1982

Representative Ray H. Metcalfe  
Alaska State Legislature  
Pouch V (MS3100)  
Juneau, Alaska 99811

Dear Representative Metcalfe:

The purpose of this letter is to forward Cook Inlet Native Association Board of Director's Resolution 81-007 calling for the establishment of Uniform State Administrative procedures for Grants to, and contracts with nonprofit organizations.

We would respectfully request your office review HB-608 and lend your support to prioritizing this legislation for passage during the next legislative session. As a result of the State Legislature creating new programs to be administered by nonprofit organizations and with the tremendous push by the Reagan Administration to shift the Administrative responsibility of Federal programs onto the State's back, it is imperative that a Uniform Standard Administrative procedure be established. At the present time almost no department within the State, including the Department of Administration, has a universal Administrative procedure to follow for grants/contracts with nonprofit organizations. This in effect, puts all nonprofit organizations in a position of developing very cumbersome and awkward contracted administrative procedures and standards for almost all state contracts.

We are confident that the State Administration would like to get this area cleaned up as well as we would.

Sincerely,

*Max Dolchok*  
Maxim Dolchok  
Executive Director

MD:sbe

Attachment

REC'D JAN 25 1982



# COOK INLET NATIVE ASSOCIATION

670 West Fireweed Lane  
Anchorage, Alaska 99503  
(907) 278-4641

COOK INLET NATIVE ASSOCIATION

BOARD OF DIRECTOR'S RESOLUTION

# 81-007

WHEREAS, the Cook Inlet Native Association is a nonprofit corporation under the laws of the State of Alaska; and

WHEREAS, the Cook Inlet Native Association has federally recognized negotiated indirect cost rates; and

WHEREAS, the Cook Inlet Native Association has contracts with the State of Alaska; and

WHEREAS, the Cook Inlet Native Association deems that it is incumbent upon the State of Alaska that it establish uniform administrative procedures for grants to and contracts with nonprofit organizations;

NOW THEREFORE BE IT RESOLVED, that the Cook Inlet Native Association endorses House Bill No. 608, "An Act establishing uniform administrative procedures for grants to and contracts with nonprofit organizations", and urges the passage of this Bill by the Twelfth Legislature, Second Session,

Dated this 19th day of November, 1981.

Robert W. Rude  
Robert W. Rude, President

A. Debbie Fullenwider  
A. Debbie Fullenwider, Secretary

Card No. 100  
Little Sea



**KAWERAK, INC.**



P.O. BOX 948 • NOME, ALASKA 99762



(907) 443-5231

January 21, 1982

Representative Ray Metcalfe  
Chairman  
State Affairs Committee  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

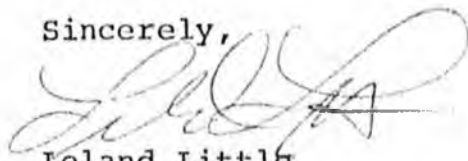
Subject: HB 608, and Kawerak, Inc. Resolution 81-20

Representative Metcalfe:

At the regular meeting of the Board of Directors of Kawerak, Inc. on December 15, 1981, Resolution 81-20 recommending passage of HB 608 was passed. The board strongly recommends the passage of this legislation. It is considered a top priority and will benefit both the State of Alaska and the non-profit organizations in providing continued service and improved services to the citizens of Alaska at lower costs.

Kawerak, Inc. strongly recommends passage of this legislation and is available to assist any way necessary.

Sincerely,

  
Leland Little  
Controller

NC

LL/rr

REC'D JAN 25 1982

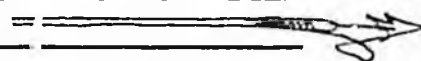


## KAWERAK, INC.



P.O. BOX 948 • NOME, ALASKA 99762

(907) 443-5231



### RESOLUTION - 81- 20

- WHEREAS, there is a need for consistency and uniformity in the administration of grants and contracts to non-profit organizations, and
- WHEREAS, the Alaska State Legislature finds that non-profit organizations presently receive grants and contract funds from the State, and
- WHEREAS, Kawerak, Inc. administers State grants and contracts, and
- WHEREAS, Kawerak, Inc. has a sound administrative structure including a governing board, a personnel system, an accounting system, and appropriate administrative personnel, and
- WHEREAS, Kawerak, Inc. has an established indirect cost rate, and
- WHEREAS, the State Legislature finds that administrative costs should be allowed as indirect cost rates, and
- WHEREAS, the State further finds that indirect cost rates should be determined individually for each non-profit organization based on an independent final audit, and
- WHEREAS, the first session of the Twelfth Legislature recognized the need for uniform administrative procedures for grants and contracts with non-profit organizations, and

REC'D JAN 25 1982

WHEREAS, House Bill No. 608, introduced on 6/9/81,  
was designed to meet that need.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors  
of Kawerak, Inc. urges the Senate Finance Commu-  
ittee to adopt H.B. 608 with the proviso that  
item (1) (H) be deleted from the language of the  
Act.

DULY PASSED BY THE KAWERAK, INC. BOARD OF DIRECTORS THIS  
15 DAY OF December, 19 81.

John Jemewouk  
John Jemewouk,  
President

Jean A. WALLUK  
Secretary

# BRISTOL BAY NATIVE ASSOCIATION

P. O. BOX 189

DILLINGHAM, ALASKA 99576

PHONE (907) 842-5257 — 842-5258

November 30, 1981

Representative Ray H. Metcalfe  
Box 4-2766  
Anchorage, Alaska 99509

Dear Representative Metcalfe:

During the last Legislative Session, House Bill 608, Entitled: An Act establishing Uniform Administrative Procedures to and Contracts with Nonprofit Organizations; was introduced on June 9th. This bill will in all probability be reintroduced in the House and Senate during the next Legislative Session.

On behalf of the Bristol Bay Native Association, Inc., I am soliciting your individual support of this extremely valuable Legislation.

As a member of the Regional Nonprofit Financial Officers Association and with that Association, Mr. Dick Smith, Deputy Commissioner, Department of Administration and cooperation of Lt. Governor Terry Miller's office these Administrative procedures have been developed into a very useful manual for use by both State and Contractor. We only lack the Legislation to adopt these procedures and place the entire mechanism into operation. This procedures manual in effect takes existing State regulations and extends this into the Federal System of contracting i.e. Incorporates Federal OMB Circular A-122 into the State contracting system, etc.

The Regional Nonprofit Corporations, other State wide Nonprofit Corporations are very unique business entities. Whether or not each entity is the same, the operations have been governed by the same set of Federal regulations administered by the various Federal Departments. This is also the same method the State uses to contract with and for Federal funds and now the Block grant program is administered the same.

Our Association has operated numerous State programs and direct contracts over the past nine years now and believe me each State Department, Division Commission or Agency has either their own regulations or more than often no regulations at all to deal with a Nonprofit Organization operating under the Federal Contracting method.

I am enclosing several items for your information and review:

1. Copy of HB 608
2. Information Sheet
3. Association's Resolution supporting this Legislation.

Representative Ray H. Metcalfe  
Page 2  
November 30, 1981

I sincerely want to thank you for your assistance in this Legislation. I do hope that you read the information packet on indirect method. This packet was prepared at the request of several Legislators. I think it is well prepared and explains the basic principles of indirect costs - why they're so necessary. How they're applied, why they vary and what they do.

The Program Development and Delivery of Service will continue. The Administration and Financial responsibilities will improve with your support of this Legislation and hopefully passing the same into Law.

Sincerely yours,

BRISTOL BAY NATIVE ASSOCIATION  
Fred T. Angasan, Executive Director

A handwritten signature in cursive script that reads "David M. Jackson". The signature is written in dark ink and includes a long horizontal flourish extending to the right.

David M. Jackson

DJ/ba  
Enclosures (3)

**BRISTOL BAY NATIVE ASSOCIATION**

P. O. BOX 189

DILLINGHAM, ALASKA 99576

PHONE (907) 842-5257 — 842-5258

November 19, 1981

Senator George H. Hohman, Jr.  
P.O. Box 289  
Bethel, Alaska 99559

Dear Senator Hohman:

During the last Legislative Session, House Bill Number 608, Entitled: "An Act Establishing Uniform Administrative Procedures for Grants to and Contracts with Nonprofit Organizations;" was introduced in the House on June 9th. This Bill will in all probability be reintroduced in the House and Senate during the next Legislative Session.

On behalf of the Bristol Bay Native Association, I am soliciting your support of this Legislation.

As a member of the Nonprofit Financial Officers Association and with that Association, The Department of Administration and Lt. Governor's Office these administrative procedures have been developed into a very useful manual. We only lack the Legislation to adopt these procedures and place the entire mechanism into operation.

The Association has operated various State funded Programs and Contracts for eight years now and believe me each State Department has either their own regulations or more than often no regulations dealing with Contractual agreements and Delivery of Services.

I am enclosing several items for your information:

1. Copy of HB 608.
2. Information sheet on indirect.
3. Association's resolution supporting this Legislation.

I sinerely thank you for your assistance in this matter. If you should have any questions please do not hesitate to contact my office.

Sincerely yours,

BRISTOL BAY NATIVE ASSOCIATION  
Fred T. Angasan, Executive Director



David M. Jackson

DJ/bs  
Enclosures

**BRISTOL BAY NATIVE ASSOCIATION**

P. O. BOX 189  
DILLINGHAM, ALASKA 99576  
PHONE (907) 842-5257 — 842-5258

November 17, 1981

Representative Joseph Chuckwuk  
P.O. Box 8  
Dillingham, Alaska 99576

Dear Joe:

During the last session, House Bill number 608, entitled: "An Act Establishing Uniform Administrative Procedures for Grants to and Contracts with Nonprofit Organizations;" was introduced June 9th. This Bill will in all probability be reintroduced during the next session.

On behalf of the Bristol Bay Native Association and the other Regional Nonprofit Corporations, I am soliciting your support of this legislation.

As a member of the Nonprofit Financial Officers Association and with that Association, the Department of Administration and Lt. Governor's Office these administrative procedures have been developed into a very useful manual. We only lack the Legislation to adopt these procedures and place the entire mechanism into operation.

The Association has operated various State funds Programs and Contracts for over eight years now and believe me each State Department has either their own regulations or more than often no regulations dealing with contractual agreements and delivery of services.

I am enclosing several items for your information:

1. Copy of HB 608
2. Information sheet on indirect
3. Association's Resolution supporting this Legislation.

I sincerely thank you for your assistance in this matter. If you should have any questions please do not hesitate to contact my office.

Sincerely yours,

BRISTOL BAY NATIVE ASSOCIATION  
Fred T. Angasan, Executive Director



David M. Jackson

DJ/bs  
Enclosures

# KODIAK AREA NATIVE ASSOCIATION

Post Office Box 172 - Kodiak, Alaska 99615 - Phone (907) 486 - 5725



December 28, 1981

Senator Bob Mulcahy  
P.O. Box 246  
Kodiak, Alaska  
99615

Dear Senator Mulcahy:

The legislation, HB608, is strongly supported by the Kodiak Area Native Association. The passage of this legislation is vital to the Alaska Native Non-Profit Associations in their continued effort to deliver service to their constituents.

The passage of this legislation is extremely important and that it be in place prior to the implementation of the "block grant" system of fund distribution through the State by the Federal government.

If there is anything at all that we, the Non-Profits, can do to assist in the passage of this important legislation, please contact me at my office.

Sincerely,

KODIAK AREA NATIVE ASSOCIATION

A handwritten signature in cursive script that reads "Ione M. Norton".

Ione M. Norton  
President

IMN:sl

cc: Non Profit Presidents  
Non Profits Administrative Officers  
Non Profit Comptrollers

ALASKA FEDERATION OF NATIVES, INC.  
1980 ANNUAL CONVENTION  
OCTOBER 25, 1980

RESOLUTION #80-19

TITLE: INDIRECT COSTS

WHEREAS, it has been deemed by the Legislature and the Administration to be in the public interest to contract with Alaska Regional Non-Profit Native Associations and other federally recognized tribal entities for the conduct and administration of certain government services; and

WHEREAS, this policy is entirely appropriate, insofar as such organizations are directly accountable and responsive to their various constituencies and are generally more efficiently operated than government bureaucracies, and are inherently sensitive to the needs and concerns of the people for whom the governments services were intended; and,

WHEREAS, most non-profit corporations/other federally recognized tribal entities administer grants and contracts from a variety of sources, including (but not necessarily limited to) the following:

- a. State of Alaska General Fund,
- b. United States Government,
- c. State of Alaska "pass through" of U.S. Government Funds, and
- d. Private sources; and

WHEREAS, the reality of this wide variety of funding sources carries with it a wide variety of administrative requirements, many of which are contradictory and/or duplidative, leading unnecessarily to administrative chaos and a resultant lack of accountability to either funding sources or constituencies; and,

WHEREAS, as the granting and/or contracting source of either direct General Fund appropriations and/or Federal "pass-through" funds, officials of the State of Alaska are clearly in a position to rectify many of the problems noted above, and it is their responsibility to the public interest to do so; and,

WHEREAS, the Non-Profit Financial Association (an organization originally sponsored by Rural CAP to address the management and administrative concerns of the non-profit corporations serving primarily Native Alaskan constituencies within the State of Alaska) has met and devised recommendations which, if adopted and implemented, would relieve unnecessary burdens imposed by funding sources on the administration of non-profit corporations/federally recognized tribal entities, thereby allowing those organizations to direct their energies to more effectively serving their constituencies;

NOW THEREFORE BE IT RESOLVED that the delegates to the 1980 Convention of the Alaska Federation of Natives in conference assembled, do hereby endorse the recommendations of the Non-Profit Financial Association and urge the Governor and Legislature to take such steps as may be necessary in order to adopt and implement those recommendations; and

BE IT FURTHER RESOLVED, that said recommendations include, at a minimum, the following:

- a. that the State of Alaska develop (in consultation with the Non-Profit Financial Association) a standard policy and procedures manual for the governance of all grants and contracts, the funds for which originate with the State General Fund. Such a manual should include Standard Policies and Procedures for application, budgeting, indirect cost rate establishment, payment, reporting, and auditing.
- b. that a similar manual be developed for all U.S. Government "pass through" funds administered by the State of Alaska, with appropriate sections as may be required to meet the statutory and/or regulatory constraints of the U.S. Government funding source.
- c. that, in the event a non-profit corporation or other federally recognized tribal entities, have negotiated an indirect cost rate with the U.S. Government, the State of Alaska will honor that rate in all of its grants and contracts (whether the funds for said grants and contracts originate with either the State General Fund or the U.S. Government).
- d. that, in the event a non-profit corporation/federally recognized tribal entity does not have an indirect cost rate negotiated and established with the U.S. Government, the State of Alaska will, at the request of the organization, negotiate such a rate based upon the cost principles established by OMB Circular A-122, and will likewise apply the rate agreed upon to all grants and contracts entered into between the State of Alaska and each organization.
- e. that the State of Alaska establish a "revolving advance fund" to be administered by the Department of Administration, for the purpose of providing advances to contractors entering into cost-reimbursable contracts with the State.

- f. that the State create an "indirect cost fund", for administration by the Department of Administration, which would be used to pay the difference between a non-profit corporation's negotiated indirect cost rate and statutory and/or regulatory limits on U.S. government funds being administered by the State on a pass-through basis.
- g. that the State establish an annualized certification process for non-profit corporations/federally recognized tribal entities, certifying such organization's geographic and demographic limits, its accounting and administrative capabilities, and its eligibility to operate certain programs (or classes of programs) on behalf of the State of Alaska, with such certification to be annually reviewed and renewed and applicable to all grants and contracts between each such organization and the State; and

BE IT FURTHER RESOLVED, that the Legislature and the Governor are urged to adopt and implement other recommendations which the Regional Non-Profit Native Organizations may, from time to time devise for the purpose of establishing a smooth operational structure for State programs designed to serve Native Alaskans.

CONVENTION RECOMMENDATION: DO PASS



Alaska State Legislature  
RECEIVED DEC 18 1981

SENATOR  
BOB MULCAHY  
REPRESENTS  
THE ALLEUTIAN ISLANDS,  
P. O. BOX 189,  
DILLINGHAM, ALASKA 99576



HOME ADDRESS  
P. O. BOX 241  
PODIAK, ALASKA 99576  
(907) 486-3501

DURING SESSION  
PO BOX 1  
JUNEAU, ALASKA 99801

State Senate

December 15, 1981

Mr. David M. Jackson  
Bristol Bay Native Association  
P.O. Box 189  
Dillingham, AK 99576

RE: HB 608

Dear Dave:

I want to thank you for alerting me to the above bill, and the back-up material that was included.

As I am sure you are aware, this bill is in House State Affairs, with a referral to House Finance. To be quite honest, I had not even read it until you brought it to my attention.

I will be looking forward to working with you on this or other legislation that is of interest to the Bristol Bay Native Association.

Warmest regards for the holidays, and the New Year.

Sincerely,

Senator Bob Mulcahy

BM:tch

MARK O. MATFIELD, OREG., CHAIRMAN

TED STEVENS, ALASKA  
LOWELL P. WELCKER, JR., CONN.  
JAMES A. MC CLURE, IDAHO  
PAUL LAXALT, NEV.  
JAKE GARN, UTAH  
HARRISON SCHMITT, N. MEX.  
THAD COCHRAN, MISS.  
MARK ANDREWS, N. DAK.  
JAMES ABDONOR, S. DAK.  
ROBERT W. KASTEN, JR., WIS.  
ALFONSE M. D'AMATO, N.Y.  
MACK MATTINGLY, GA.  
WARREN RUDMAN, N.H.  
ARLEN SPECTER, PA.

WILLIAM PROCKMIRE, WIS.  
JOHN C. STENNIS, MISS.  
ROBERT C. BYRD, W. VA.  
DANIEL K. INOUE, HAWAII  
ERNEST F. HOLLINGS, S.C.  
THOMAS P. Eagleton, MO.  
LAWTON CHILES, FLA.  
J. BENNETT JOHNSTON, LA.  
WALTER D. HIDDLESTON, KY.  
QUENTIN N. BURDICK, N. DAK.  
PATRICK J. LEAHY, VT.  
JIM SASSER, TENN.  
DENNIS DE CONCINI, ARIZ.  
DALE BUMPER, ARK.

## United States Senate

COMMITTEE ON APPROPRIATIONS  
WASHINGTON, D.C. 20510

J. KEITH KENNEDY, STAFF DIRECTOR  
THOMAS L. VAN DER VOORT, MINORITY STAFF DIRECTOR

December 23, 1981

Mr. Carl L. Lake  
Controller  
Rural CAP, Inc.  
P.O. Box 3-3908  
Anchorage, Alaska 99501

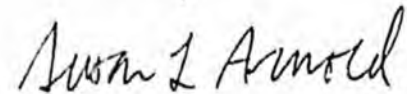
Dear Mr. Lake:

As Senator Stevens is in Alaska during the Christmas recess, I have been asked to thank you for providing this office with a copy of your letter to Governor Hammond regarding House Bill 608, currently pending in the Alaska State Legislature.

When the Senator returns I will inform him of your interest in establishing uniform administrative procedures in Alaska for State grants or contracts to non-profit organizations. I know Senator Stevens will appreciate you keeping him informed of your concerns.

Thank you again for your letter.

Sincerely,



Susan L. Arnold  
Staff Assistant to  
TEL STEVENS



Official Business

# Alaska State Legislature

## Senate

### Office of the President

Pouch V  
State Capitol  
Juneau, Alaska 99811

December 29, 1981

Carl L. Lake  
Controller  
Rural CAP, Inc.  
P. O. Box 3-3908  
Anchorage, Alaska 99501

Dear Mr. Lake:

I recently received a copy of your letter to Governor Hammond stating your support for House Bill 608, which would establish uniform administration procedures for non-profit grants and contracts.

Your views and suggestions are greatly appreciated, and I will keep your concerns in mind when the legislature again convenes and the Senate addresses the matter.

Thank you for contacting me, and please feel free to do at any time if I may be of assistance to you.

Sincerely,

  
Senator Jay Kuttala  
Senate President

JK/GCT/skt

*Handwritten: Miller*  
JAY S. HAMMOND  
GOVERNOR



*Handwritten: 10/25*  
TERRY MILLER  
LIEUTENANT GOVERNOR

STATE OF ALASKA  
LIEUTENANT GOVERNOR  
JUNEAU

December 18, 1981

Maxim Dolchok  
Executive Director  
Cook Inlet Native Association  
670 West Fireweed Lane  
Anchorage, Alaska 99503

Dear Max:

Thank you for your letter advising me of CINA's resolution calling for the establishment of Uniform State Administrative procedures for grants to, and contracts with, non-profit organizations.

I have been aware of this problem for some time now, and am also aware of the extensive work being done by the non-profit controllers association to seek uniformity in contracting. Shortly after the holidays, I will be returning to Juneau and will explore this issue more fully with appropriate staff and state officials. This situation has become very cumbersome for service agencies and, of course, a shift in emphasis from federal to state funding will only exacerbate it, unless an appropriate solution is found.

Max, I hope you have a happy holiday season, and I will be getting in touch with you shortly after the first of the year.

With best regards, I remain

*Handwritten signature of Terry Miller*  
Sincerely yours,

Terry Miller  
Lieutenant Governor

JAY S. HAMMOND  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

December 22, 1981

Mr. Carl L. Lake  
RurAL CAP, Inc.  
Administration  
P.O. Box 3-3908  
Anchorage, AK 99501

Dear Mr. Lake:

Governor Hammond received your correspondence on the 18th of December. A more complete response to your concerns will be forthcoming.

Sincerely,

A handwritten signature in cursive script that reads "Susan Rogers".

Susan Rogers  
Executive Secretary

PATRICK RODEY  
ANCHORAGE

601 W. 5TH AVE. SUITE 020  
ANCHORAGE, ALASKA 99501

DURING SESSION

POUCH V  
JUNEAU, ALASKA 99811

## Alaska State Senate

JUNEAU, ALASKA 99811

December 21, 1981

Mr. Carl L. Lake  
Controller  
Rural CAP, Inc.  
P.O. Box 3-3908  
Anchorage, AK 99501

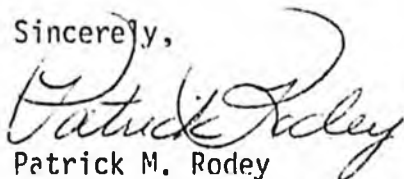
Dear Mr. Lake:

Thank you for forwarding a copy of the letter to Governor Hammond requesting support for HB 608.

I have spoken to Mike Szymanski of Cook Inlet Native Association about this bill already and am committed to supporting it when it reaches the Senate.

Again, thank you for the information.

Sincerely,



Patrick M. Rodey  
Senator

PMR/ds

# Rural Alaska Community Action Program, Inc.

February 5, 1982

Representative Ray Metcalf  
State of Alaska House of Representatives  
Pouch V  
Mail Stop 3100  
Juneau, Alaska 99811

Reference: HB 608

Dear Representative Metcalf:

Although scheduled to be in Juneau on Thursday, January 28, 1982, to attend the State Affairs Committee hearing on HB 608, the fates (abetted by Mother Nature) decreed that Arlene Patton (Administrative Officer for the Aleutian/Pribilof Islands Association) and I would spend the afternoon ensconced within the confines of the Sitka airport. Our Thursday morning flight from Anchorage was unable to land in Juneau and it was subsequently routed to Sitka where we could do little more than wait for the evening flight back to Anchorage.

Arlene Patton and I had planned to attend the hearing on HB 608 as representatives of the Non-Profit Financial Association (NPFA). Since we were unable to attend the hearing, we felt that the best alternative would be to attempt a presentation of our comments via this letter and its attachments. However, regardless of what the phone company claims, this method, or a phone call, is not the next best thing to being there. We hope that this letter, and the testimony expected during the February 11th teleconference, will provide appropriate support for the passage of House Bill 608. The reforms inherent in this piece of legislation would go a long ways towards making the operations of both nonprofits and State agencies more efficient and effective.

Many of the nonprofit organizations within the state (especially the regional Native nonprofit corporations) are multipurpose agencies: that is, they administer a number of federal and state programs. Normally, the nonprofit organization is structured to contain a Board of Directors, an administrative unit (which includes the Executive and Accounting/Data Processing Departments) and a number of programmatic divisions. The Board of Directors and the Administrative unit provide the necessary managerial and financial control and support for the entire organization.

The fact that an agency can administer a number of programs from a variety of funding sources leads to an interesting paradox: the economies of scale allow the multipurpose agency to administer its programs more efficiently and effectively than would be possible if each program or grant were established as a separate entity. However, each grant or contract comes with its own set of rules and regulations that often conflict with, or at least differ from, the procedures required for other programs. The federal government has recognized this distinct administrative problem and has attempted to regulate it by the introduction of Office of Management and Budget (OMB Circular A122), which establishes one set of cost principles for all nonprofit organizations. Additionally, the federal government is attempting to ease the audit situation by allowing organizations to perform a single financial audit of all funds within the entity's scope of responsibility instead of requiring individual, and more costly, audits of each program. The purpose of these two changes were not to lessen the fiscal responsibility of the nonprofit organization but to provide one set of rules within which the nonprofit could operate. The effect has been to reduce the overall administrative burden and allow the organizations to concentrate on providing the services for which they were responsible.

The NPFA recognized in 1980 that the federal effort, although helpful, would not provide a solution unless coupled with a similar uniformity of rules and procedures within state-sponsored grants and contracts. In September of 1980, the NPFA sponsored a meeting in Juneau with State officials to begin the process of developing a uniform set of procedures that the State could utilize when granting funds or contracting with nonprofit organizations. In December of 1980, the NPFA developed a set of administrative procedures based both on OMB Circular A122 and on proposed administrative code changes then being promulgated by the State Department of Health & Social Services (Division of Management & Budget). After numerous discussions with State officials, including representatives from both the Governor's and Lieutenant Governor's offices, it was decided that the appropriate method to establish uniform administrative procedures on a Statewide basis was the submission of a Bill through the House of Representatives. This Bill, House Bill 608, requires that the Department of Administration develop the proper procedures for all State departments to use for grants and contracts to nonprofit organizations. HB 608, as you know, was a late entry into last year's legislative hopper. It was referred to the House Finance Committee and the House State Affairs Committee where it has remained until the renewal of interest during the current Legislative session.

HB 608 was not introduced as an attempt to lessen the fiscal control or responsibility on the part of a recipient of a State grant or contract. Nor was it an attempt to eliminate special programmatic requirements attached to certain funds. Simply speaking, the Bill is intended to rectify a situation that is costly and inefficient, both for the State departments and the recipients of State funds.

It makes a great deal of sense to have one set of administrative procedures for all State departments rather than have each department, and possibly divisions within each department, spend its time and effort to establish its own set of rules. The State's prime purpose of serving the people would be enhanced by the approach itemized and inferred in HB 608.

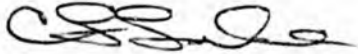
Additionally, although not addressed by HB 608, it would also make sense for one State agency to be responsible for all fiscal audits of State fund recipients, especially nonprofit organizations. Many of the nonprofit organizations within Alaska are audited annually by an independent CPA firm. If the appropriate uniform rules are established and the specific programmatic conditions attached to particular funds are adhered to, it would be logical and cost effective for the State to rely on those independent audits. The current practice is to either require a separate audit of State funds, have the audit performed by audit staff within the State department, or have no audit at all.

The establishment of a uniform set of rules and the contraction of all audit responsibility within one department (possibly the Department of Administration) would reduce costs for the State and eliminate the present duplication of both fiscal and audit responsibility. It would also provide the State with a greater degree of control over how its funds are being used. The present overlapping of rules and responsibilities generates inefficiency: not only are different rules being applied but different people are interpreting those rules.

The NonProfit Financial Association feels that the reforms indicated in HB 608 and the subsequent development of uniform administrative procedures would be a logical and correct step forward for the State. We are presently learning that President Reagan is determined to channel more funds through the State in the form of Block Grants. A large amount of this money will be channeled by the State to nonprofit organizations as they are quite often the appropriate service delivery vehicle for many of these programs. The State must have a coherent and cohesive vehicle for administering this larger segment of dollars that it is responsible for.

We appreciate the time that you and your committee have taken concerning HB 608. We would welcome the opportunity to provide you with any additional information that you may require during the course of future deliberations and we hope the attachments are helpful. We thank you for your efforts.

Sincerely,



Carl L. Lake  
Controller

On behalf of the Non-Profit Financial Association

cc: Representatives Mitchel Abood,  
Kenneth Fanning, Fred Brown,  
Mike Miller, Al Adams

# Rural Alaska Community Action Program, Inc.

December 15, 1981

The Honorable Jay Hammond  
Governor of Alaska  
Office of the Governor (M/S 0101)  
Pouch A  
Juneau, Alaska 99811.

Dear Governor Hammond:

I am writing this letter on behalf of the Non Profit Financial Association (NPFA), a working group of financial officers from non-profit organizations, including the Regional Native Non-Profits. For more than a year we have been trying to work with the State in an attempt to establish a rational and uniform set of procedures for the State to use when administering grants and contracts to non-profit organizations. To date, we have had limited success, even though our approach is not only fiscally sound but physically possible.

The specific purpose of this letter is to urge you to support the passage of House Bill 608 (copy attached). Introduced late in the last legislative session, it is still pending before the House Finance Committee. HB 608 would establish uniform administrative procedures for State grants or contracts with the non-profit organizations, eliminating much of the duplication and confusion within the current conflicting systems. With the responsibility for establishing these uniform procedures resting with the Department of Administration, each department would be treated in an equitable fashion and would retain full responsibility and control over all specific programmatic functions.

The State currently provides many services to its citizens through the various non-profits and, with the advent of the Block Grants, will be responsible for the administration of more funds that will ultimately be allocated to the Non-Profits. The State needs the Non-Profits as they have the systems in place to provide the necessary services in a more efficient

The Honorable Jay Hammond  
December 15, 1981  
Page Two

and cost effective manner than could the State. It is in the State's best interest to allow the Non-Profits to administer these funds in a coherent and cohesive fashion, while at the same time maintain a greater degree of fiduciary control through uniform procedures and centralized review of the non-profits' administrative and financial systems.

The establishment of uniform administrative procedures would save money and time for all concerned. The funding department within the State could be concerned solely with the programs for which it is responsible and not have to worry about establishing administrative procedures for its grantees or contractors. The Non-Profit could administer its program within one set of financial guidelines rather than being forced to comply with many conflicting sets of rules. This situation would be enhanced if the procedures established by the Department of Administration were consistent with both the Federal Management Circular (FMC) 74-4 and Office of Management and Budget (OMB) Circular A-122. (These two circulars provide the majority of the fiscal regulations within which the Non-Profits currently operate their federal grants and contracts.)

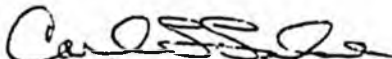
If the State continues to utilize the non-profits to provide necessary services, it makes a great deal of sense to allow those services to be provided in the most efficient fashion possible. One set of administrative procedures, consistent with FMC 74-4 and OMB Circular A-122 would certainly help to create an efficient environment within which the Non-Profits could administer their State and Federal dollars. A consistent and uniform set of procedures would allow the Non-Profits to spend the majority of their time and energy towards operating the necessary services as dictated by the various funding sources.

Please take the additional time to review the attached copy of HB 608 along with the short paper on indirect costs. As shown on the attached copy of HB 608, we would recommend that the proposed language in 1-H be deleted as redundant. With this minor exception, we urge that you give HB 608 serious consideration and support towards passage in this upcoming session. The establishment of uniform procedures for Non-Profits, especially if the Non-Profits are allowed serious input into the process, would provide the means to make these programs more workable.

The Honorable Jay Hammond  
December 15, 1981  
Page Three

Thank you very much for your time and your patience. If you have any questions or would like additional information, please do not hesitate to call on me or any of the people on the attached listing.

Sincerely,



Carl L. Lake  
Controller  
RurAL CAP, Inc.  
on behalf of the Non Profit Financial Association

Attachments:

- 1) HB 608
- 2) Paper on Indirect Costs
- 3) NPFA Mailing List

cc: Lt. Governor Miller  
Alaska State Legislators  
RurAL CAP Board of Directors  
Non-Profit Financial Association  
State Officials

Introduced: 6/9/81  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY MEEKINS AND BEIRNE

2 HOUSE BILL NO. 608

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing uniform administrative procedures  
7 for grants to and contracts with nonprofit organiza-  
8 tions; and providing for an effective date."

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

10 \* Section 1. FINDINGS. The legislature finds that there is a need for  
11 consistency and uniformity in administration of grants and contracts to  
12 nonprofit organizations. The legislature further finds that nonprofit  
13 organizations that receive grant or contract money from the state, for  
14 programs to benefit the residents of the state, should have sound adminis-  
15 trative structures including (1) a governing board, (2) a personnel system,  
16 (3) an accounting system, and (4) appropriate administrative personnel.  
17 These administrative costs should be allowed as indirect cost rates that may  
18 be unique and individual for each nonprofit organization that receives grant  
19 or contract money from the state. The indirect cost rates should be deter-  
20 mined individually for each organization based on independent final audit of  
21 the indirect costs for each grant or contract.

22 \* Sec. 2. AS 37.05 is amended by adding a new section to read:

23 Sec. 37.05.317. ADMINISTRATIVE PROCEDURES FOR GRANTS TO AND  
24 CONTRACTS WITH NONPROFIT ORGANIZATIONS. The Department of Administra-  
25 tion shall

26 (1) develop uniform procedures for grants to and contracts  
27 with nonprofit organizations, including

28 (A) uniform proposal application procedures;

29 (B) uniform application review requirements;

1 (C) a consistent application of cost principles for  
2 nonprofit organizations;

3 (D) provisions for a consistent acceptance and payment  
4 of negotiated indirect cost rates using the federal cost rate if  
5 applicable or, if the federal rate is not applicable, a cost rate  
6 negotiated by the state with provisions for payment of individual  
7 costs based on final determination of the indirect cost properly  
8 incurred as shown by a fully certified audit by an independent  
9 audit firm;

10 (E) provisions for advances of grant or contract money;

11 (F) provisions for annual audits;

12 (G) requirements of annual certification of administra-  
13 tive systems of the organization;

14 ~~\*\* (DELETE) (H) identification and segregation of indirect costs~~  
15 ~~relating to each grant;~~

16 (2) annually examine the administrative system of nonprofit  
17 organizations on request of the organization and if the system is  
18 determined to be adequate for the purpose of state grants or contracts  
19 certify that the organization is eligible to receive state contracts or  
20 grants;

21 (3) require that each contract with or grant to a nonprofit  
22 organization from a state agency provide for payment of indirect costs  
23 of administration of the contract or grant at the rate established in  
24 the contract.

25 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
26 070(c).

27 ~~\*\* NOTE: WE RECOMMEND DELETION AS THIS IS COVERED~~  
28 ~~UNDER (C) + (D).~~

# Rural Alaska Community Action Program, Inc.

TO: DISTRIBUTION

DATE: May 26, 1981

FROM: Phil Smith  
Executive Director

SUBJECT: Attached Paper - Explanation of Indirect Costs

Attached, for your information, is a copy of a paper prepared by Carl Lake, RurAL CAP Controller, which explains the basic principles of indirect costs - why they're necessary, how they're applied, why they vary, and what they do. The paper was prepared at the request of several legislators who needed the information.

In my experience, this is the best "layman's" explanation of the topic I've yet come across - I'm hopeful that it will go a long way towards dispelling the confusion and resentment that seems to occur whenever the subject is brought up.

We welcome your thoughts on this issue.

DISTRIBUTION: AFN  
ANF  
Regional Nonprofits  
Board of Directors  
Department Heads  
Commissioner McAnerney  
Commissioner Kudson  
Ron Lehr, Director, Budget & Management

PJS/mb

## WHY INDIRECT COSTS?

by: Carl Lake, Controller

Rural Alaska Community Action Program

Indirect costs have been called a number of things over the years: "administrative costs/charges," "overhead," "allowable costs" and "rip-off." Simply speaking, indirect costs are those costs of an organization that cannot be directly charged to any one grant or contract administered by that organization.

Nonprofit organizations are unique in that each and every piece of funding they receive must be accounted for separately and must have its own full set of accounting records. Expenditures under each grant or contract must be reported separately and funding agencies often require different financial and auditing restrictions. This requires the organization to develop complex and sometimes even cumbersome accounting systems to properly account for those dollars in a fiscally responsible fashion.

Some nonprofits are very simple units and, even though they may be very large in dollar volume, administer only one or two grants. Usually these "single-purpose" agencies do not require an indirect rate even though, like all organizations, they do have administrative costs. Since these administrative costs can be readily identified with the programs administered, they are normally charged directly to those program funds.

Other nonprofits are "multi-purpose" organizations which administer a multitude of diverse programs from a number of funding sources. They operate under the theory that it is more efficient in both economic and practical programmatic terms, for one agency to administer a number of programs than for each program to be operated by a separate entity. For example, while it may take \$600,000 to administer a \$7.5 million agency with 25 different grants or contracts, it is demonstrable that, if each grant or contract were provided to

a separate organization, the actual aggregate administrative costs could exceed well over one million dollars.

Because the multi-purpose agency administers a wide variety of grants and the administrative costs cannot be readily identified as applicable to each of the grants or contracts, the agency requires some type of cost allocation plan to allocate the administrative costs to the appropriate funds. Over the course of the last ten years, the Federal government has recognized that non-governmental agencies needed a simplified and unified method to allocate these costs. Therefore, it developed the rules outlined in OMB Circular A-122 (along with other governmental publications) to provide the procedures and principles for establishing and operating an indirect cost rate. Major Federal funding agencies have departments that are responsible for reviewing, negotiating, approving and monitoring indirect cost rates with nonprofit organizations. When an organization receives funding from more than one Federal agency, one of them (normally the one providing the most funding) is designated as the lead ("cognizant") agency. It is the responsibility of that agency to negotiate with the nonprofit to establish an indirect cost rate. The process for establishing an indirect cost rate is very simple in theory: one isolates all of the costs that cannot be charged directly to a grant, divides these costs by the total dollars available to the agency and the resulting figure should be the indirect rate. However, many factors have to be taken in consideration before a final determination is made. Some of the program funds may require demonstrably less administrative attention or management support than others and therefore should be excluded from the base of program dollars and treated as "pass-through" funds with a separate rate. Other funds may be handled at a different location from the main office and require separate treatment with an "off-site" rate. Still other costs, including capital equipment purchases, must be excluded from the program dollar base prior to any rate calculation. Also, the Federal government in its infinite wisdom, may place statutory restrictions on certain programs (eg., CETA, some Aging programs and Weatherization), limiting more than a certain percentage of total funds for administrative costs. This practice places

a greater burden on other funding sources, requiring them to pay more than their "fair share" of administrative costs. There are also grants (eg., some State grants and contracts) that refuse to pay any administrative costs, again adding a disproportionate burden to those funds that do participate in the payment of administrative costs. When these extreme limitations are placed on a program, the administering nonprofit is faced with the decision to simply refuse the program or to accept it and face consequences which, in the extreme, could mean bankruptcy.

There are also a variety of methods used in determining the types of costs that are to be included in the administrative or indirect costs pool. Some agencies, such as RurAL CAP, charge the various programs directly for costs such as rent, telephone (local and toll calls) utilities, janitorial services and copier costs. Since these costs are charged directly to individual grants (with the exception of those portions related directly to the administrative unit) they do not show up in the indirect pool. Consequently, all other things being equal, RurAL CAP would have a much lower indirect rate than other similar agencies. RurAL CAP makes the considerable effort to make these direct charges because some of its funding sources will not permit any allocation of indirect costs and this is the only way these funds can be utilized to pay their appropriate share of these proper administrative expenses.

Other nonprofits pool all of the above charges (with the possible exception of telephone toll charges and, sometimes, rent) into the indirect pool and charge each program its share through an indirect rate charge. This approach is based on the premise that all of the funds are paying proportionately the same share of the costs while receiving the same general benefits.

Another variance in the application of an indirect rate is the base against which one applies the rate. Some agencies simply apply the indirect rate against total program dollars expended while others apply the rate against another figure, such as direct program salaries. Therefore, an agency with an indirect rate of 56% against a direct salary base may not have an actual

rate higher than one with a 26% rate against all available program dollars.

All of the above variations must be taken into account when trying to compare one agency's indirect rate with another. One must also consider that an agency's administrative budget is relatively fixed over a rather wide range of dollar volume. If, for example, an agency's administrative costs are budgeted at \$800,000 with available program dollars of \$6.5 million, the administrative costs will probably stay the same if there is a three to four million dollar fluctuation in program dollars. In this (admittedly over-simplified) example, the indirect rate (if all exclusions and restrictions have been considered) would be 12.3%. If the agency lost \$3 million of funding, the effective indirect rate would be 22.9%. If funding increased by \$3 million, the indirect rate would be 8.4%. This is an over-simplification to be sure but it is important to note that a variety of factors are involved that affect the indirect rate.

There are also a number of factors involved to make sure that the agency does not receive more indirect dollars than it was entitled to for the fiscal year. In the above example, the agency would probably have negotiated a provisional rate of 12.3% from its primary (cognizant) funding source based on projections of costs prior to the beginning of its fiscal year. If additional funds were received during the year and these funds would drastically affect the provisional indirect rate, the agency would probably re-negotiate its rate with its cognizant agency, resulting in a lower rate for all affected funds. In any event, the provisional rate is reviewed by the agency's own auditors and, after audit, by the funding agency itself. If the nonprofit received more indirect funds than it was entitled to, it is required to repay these funds, usually in the form of a reduction in the following year's indirect rate. If the organization received less than it was entitled to, it is obligated to bill each of its funding sources for their share of the difference.

At no time does the organization "profit" from the indirect rate process. The entire procedure is fully monitored both by independent auditors, by officials of the cognizant agency, and by the organization's board of directors and senior management staff. If the nonprofit has under budgeted for necessary administrative costs or overestimated projected funding levels, it will operate in a cash deficient position for a considerable length of time. Renegotiation, recalculation, and reallocation of funds is eventually required (frequently post-facto) in order to bring the books into alignment with reality.

Most multi-purpose nonprofit organizations operate in a functional fashion with a mandated community-based board of directors and an administrative unit consisting of executive management, accounting/data processing, and clerical staff. Costs for these functions are normally considered indirect. The program departments are responsible for one or more grants or contracts and/or share the responsibility for some funds with other departments. To a large degree, the organizational structure is very similar to that of the State government, albeit on a smaller scale. The administrative unit of a nonprofit organization could be equated to the executive branch of State government while the board of directors is similar to the legislative branch. Within the State government at least a large portion of the costs of both the administrative and legislative branches could be considered indirect or administrative costs when related to the programs actually providing services to the citizens of Alaska.

Whatever name one applies, the functions of supervision and oversight are indirect costs, whether the costs are incurred by the State or a nonprofit organization. Skilled management personnel are necessary to administer the variety of funds which are the responsibility of an organization and an impartial body with power and authority to control the actions of that entity is likewise necessary. Like the old football argument concerning the relative importance of the line versus the back field, you cannot have program operations without some type of policy direction and administrative support. It is recognized

by all nonprofit organizations that every effort must be made to keep administrative costs as low as possible so that as many of the agency's limited funds as possible are available for necessary programs and services. However, if administrative funds are reduced to a level that cannot support the retention of viable policy-making structures with skilled management and accounting personnel, the organization will eventually be unable to operate any program in a responsible and fiscally sound fashion.

If nonprofits were not available to administer programs designed to serve the needs of many of Alaska's citizens, the State would be required to operate these programs. This eventuality would not only increase the size of government (a trend that the current legislature is seeking to reverse), it would also increase its costs. Clearly, it is in the State's interest to use existing service delivery networks that are directly responsive and responsible to the people they serve. The acceptance of the necessity for indirect costs to support these structures, and the implementation of comprehensive and uniform policies for contracting with the nonprofit sector will increase the efficient use of State funds.

NON-PROFIT FINANCIAL ASSOCIATION MAILING LIST

Mr. Thomas U. Rachal, Jr.,  
Controller  
Alaska Native Foundation  
411 West 4th Ave., Suite 314  
Anchorage, Alaska 99501  
Telephone: (907) 274-2541

Ms. Arlene Patton,  
Administrative Officer  
Aleutian/Pribilof Islands Ass'n  
1689 "C" Street  
Anchorage, Alaska 99501  
Telephone: (907) 276-2700

Mr. John George Peter,  
VP - Finance  
Association of Village Presidents  
P. O. Box 219  
Bethel, Alaska 99559  
Telephone (907) 543-3521

Mr. David Jackson, Controller  
Bristol Bay Native Association  
P. O. Box 179  
Dillingham, Alaska 99576  
Telephone: (907) 842-5257/5258

Ms. Sharon Sobocienski  
Deputy Director - Support Services  
Cook Inlet Native Association  
670 West Fireweed Lane  
Anchorage, Alaska 99503  
Telephone: (907) 278-2641  
265-1201

Ms. Patricia Mitchell, C.P.A.  
% Tom Craig, Executive Director  
Copper River Native Association  
Drawer H  
Copper Center, Alaska 99573  
or Box 1137 - Anchorage 99510  
Telephone: (907) 822-241

Executive Director  
Fairbanks Native Association  
310 First Avenue  
Fairbanks, Alaska 99701  
Telephone: (907) 452-1648  
456-5151

Inupiat Community of the Arctic Slope  
P. O. Box 437  
Barrow, Alaska 99723  
Telephone: (907) 852-2411

Lee Little, Controller  
Kawerak, Incorporated  
P. O. Box 948  
Nome, Alaska 99762  
Telephone: (907) 443-5231

Mr. Don Skaw, Comptroller  
Kodiak Area Native Association  
P. O. Box 172  
Kodiak, Alaska 99615  
Telephone: (907) 486-5725

Mr. Gordon Melms, Controller  
The North Pacific Rim  
903 W. Northern Lights Blvd.  
Suite 203  
Anchorage, Alaska 99503  
Telephone: (907) 276-2121

Mr. Bob Taylor, Director,  
Finance and Administration  
Tanana Chiefs Conference, Inc.  
First & Hall Streets  
Fairbanks, Alaska 99701  
Telephone: (907) 452-8251

Mr. Carl L. Lake, Controller  
Rural Alaska Community Action Program  
P. O. Box 3-3908  
Anchorage, Alaska 99501  
Telephone: (907) 279-2511

Ms. Margaret Russell, Comptroller  
Maniilaq Association  
Box 256  
Kotzebue, Alaska 99752  
Telephone: (907) 442-3311/3313



# Alaska State Legislature

## House of Representatives

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

DATE: February 22, 1982

TO: Carl Lake

FROM: Ann Krekelberg, Staff *AK*  
House State Affairs Committee

RE: HB 608

Enclosed is a copy of the tape of the February 11 teleconference on HB 608. There was a little trouble with the cassette recorder we were using at the time, so the tape starts about 5 minutes into the teleconference.

*Alaska*

MUNICIPAL

*League*

TELEPHONES  
907) 586-1325  
586-6526

204 N. FRANKLIN ST.  
JUNEAU, ALASKA 99801

*2-24-82*  
*Requested work draft w/ this language*

HB 618 - State Aid to Municipalities for Capital Projects

suggested amendment to include cost of living adjustments in the distribution formula:

redesignate the existing "(b)" as "(b)(1)", and add a new

"(b)(2). Payments to a municipality under this section shall reflect area cost-of-living differentials, as determined annually by election district under the provisions of AS 39.27.030. Adjustments of payments shall be determined by prorating amounts by a factor which, when applied, reduces all payments in equal proportion so that payments equal "TA", total amount available for distribution."



# Alaska State Legislature

## House of Representatives

Committee on State Affairs

Official Business

NOTIFICATION SHEET  
BILL NO. HB 608

Pouch V  
State Capitol  
Juneau, Alaska 99811

1-28. + 2-11

NAME	ORGANIZATION	PHONE NO.
<sup>1-20</sup> Bristol Bay Native Assoc.	David Johnson - told me to send 4 copies of 60 <sup>th</sup> call	842-5257 latitude number 377-2681
<sup>1-28</sup> Carl Lake will	Rural Coop (will contact 1-2-29)	279-2511
Arlene Patton	Alutian Prob. Conf.	
Don Skaw	Kodiak Area Native Assoc.	
AIB <sup>ask for</sup> Caddoch	non profit	62049
AEN Contact these	Director Coordinator Frank Jensen	
Andy Ray Caddoch	Tlingit - Haida	61432 63613
Don Williams <sup>will call back</sup>	U.P. of Admin" ofc	
Dept of Admin	Dick Smith 2-9	2200
* Marsha Hubbard <sup>will call</sup>	H & SS <sup>2-9</sup> Mgmt + Budget	3331
Gannis Harris	KTOO	
<sup>phone number</sup> Kawerab, Inc	sent a letter to Rep. Matson with training sessions 300 copies	4435231 X14
Cook Inlet Native Assoc	Marion Dolchok	2784641
Cook Inlet Regional <sup>U.P.</sup>	Ray Honderdoff / Bob Rude	2748638



# Alaska State Legislature

## House of Representatives

Committee on State Affairs

NOTIFICATION SHEET  
BILL NO. \_\_\_\_\_

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

NAME	ORGANIZATION	PHONE NO.
Bethel	AUCP Area of U. of Alaska	NO 5433521
John Snow Carter	Council Chas	
Tom Crider	on vacar	out of state contact 222 3521
Herbert Shelton	Copper Center (AHTWA corp)	Possible
(None) See Little	Kasrick (Name)	4435231 x14
Charly Johnson	Kung Straits	
David Jackson	Bristol Bay	will be at Arch. site
Bob Taylor	Fairbanks Tanana Chiefs	monitor there
	Chugach Native (corp)	
Aug. Bulford	Alaska Pribilof Islands	both in
Arlene Patton	" "	Anchorage
Mitch Abocool		248 3102
Charley Northrup	AK Broadcasting	Petersonburg
	Kodiak	in
	Sitka	in





# Alaska State Legislature

## House of Representatives

### Committee on State Affairs

Official Business

28 January 1982

Pouch V  
State Capitol  
Juneau, Alaska 99811

The House State Affairs Committee, chaired by Rep. Ray Metcalfe, will hold a public hearing via the Legislative Teleconference Network Thursday, February 11 at 8:00-9:00 P.M., PST. The topic of the hearing will be HB 608, establishing Administrative procedures for grants to and contracts with nonprofit organizations. Interested persons should contact their local Legislative Information Office to attend the meeting and for more information.

S. CRA

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
Bill/Resolution No. CSHB 608 (State Affairs)  
Title Establishing uniform administrative procedures for grants/ non-profit org.  
Requested by State Affairs Committee Date 2/24

II. FISCAL DETAIL  
Agency Affected Department of Public Safety  
Program Category Affected Administration of Justice  
BRU, Program, Or Subprogram(s) Affected Council on Domestic Violence  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	Ø	Ø	Ø	Ø	Ø	Ø

FUNDING (Thousands of Dollars)

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

POSITIONS

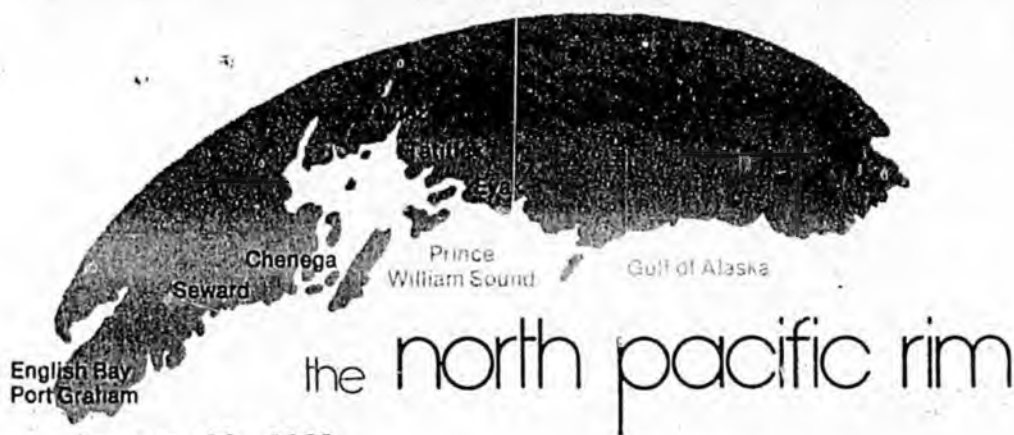
	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 3/5/82 PREPARED BY Betsey W. McGuire/Exec. Dir.  
AGENCY Dept. of Public Safety  
Original: Legislative Finance PHONE 465-4356  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/81)

*BWMC*

7	A nch	Jessy Malsfor
3	Mat Sue	Walter Harris
1	Hans	Jer Tand
0	Kolar	Dave Thompson
2	Barrow.	
0	Seward	
1	Homer	Mary Henry
1	Home	Ivan
	Peaters	Burog



January 26, 1982

Ray H. Metcalfe  
Pouch V  
Juneau, Alaska 99811

Dear Representative Metcalfe:

Reference: House Bill 608

The North Pacific Rim is the regional Native non-profit corporation serving the Chugach region. Our Corporation has been providing health, educational and social services to the people of the Chugach Region for the past seven years. Federal cutbacks have reduced our funds by approximately one-third over the past two fiscal years. We realize that the State of Alaska recognizes the hardships caused by Federal cutbacks and will take steps to minimize the negative effects of these cutbacks where necessary. With the advent of Block Grants, the responsibility of the State to respond to the needs of the economically and educationally depressed peoples of rural Alaska will increase further.

The North Pacific Rim has not vigorously pursued State funding in the past due to the lack of established State standards, mechanisms and procedures. If a rational and uniform set of procedures were to be adopted, our funding proposals could be accepted or rejected based on the needs of our region, the ability of The North Pacific Rim to meet those needs and the availability of funds.

The specific purpose of this letter is to urge you to support the passage of House Bill 608 (copy attached). This bill would establish uniform administrative procedures for State grants or contracts with the non-profit organizations, eliminating much of the duplication and confusion within the current conflicting systems. Uniform procedures would allow the funding department within the State to concentrate on the intended program rather than establishing administrative procedures. The Non-Profit could then administer various programs within one set of financial guidelines rather than being forced to comply with many conflicting sets of rules. This situation would be enhanced if the procedures established by the Department of Administration were consistent with both the Federal Management Circular (FMC) 74-4, and Office of Management and Budget (OMB) Circular A-122, which provides the majority of the fiscal regulations within which Non-Profits currently operate Federal Grants and contracts.

903 W. Northern Lights Blvd., Suite 203 / Anchorage / Alaska 99503 / Ph. (907) 276-2121

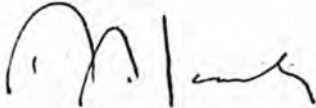
*The Non-Profit Corporation Serving The People Of The Chugach Native Region*



January 26, 1982  
Page 2 of 2

Thank you for your time, and continued concern that State Services meet the needs of rural residents.

Sincerely,

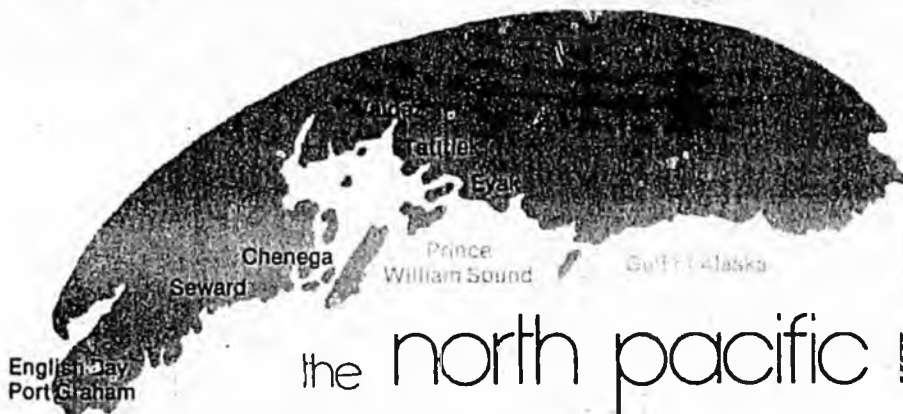


Robert Heasley  
Executive Director



Gordon Melms  
Comptroller

RH GM/mkn  
Enclosure



608  
Back  
Back

## the north pacific rim

January 22, 1982

Senator Ray Metcalfe  
Pouch V  
Juneau, Alaska 99811

Dear Senator Metcalfe:

The North Pacific Rim, is the regional Native non-profit corporation serving the Chugach region. Our corporation has been providing health, educational and social services to the people of the Chugach Region for the past seven (7) years. Federal cutbacks have reduced our funds by approximately one-third over the past two fiscal years. We realize that the State of Alaska recognizes the hardships caused by Federal cutbacks and will take steps to minimize the negative effects of these cutbacks where necessary. With the advent of Block Grants, the responsibility of State to respond to the needs of the economically and educationally depressed peoples of rural Alaska will increase further.

The North Pacific Rim has not vigorously pursued State funding in the past due to the lack of established State standards, mechanisms and procedures. If a rational and uniform set of procedures were to be adopted, our funding proposals could be accepted or rejected based on the needs of our region, the ability of The North Pacific Rim to meet those needs and the availability of funds.

The specific purpose of this letter is to urge you to support the passage of House Bill 608 (copy attached). This bill would establish uniform administrative procedures for State grants or contracts with the non-profit organizations, eliminating much of the duplication and confusion within the current conflicting systems. Uniform procedures would allow the funding department within the State to concentrate on the intended program rather than establishing administrative procedures. The Non-Profit could then administer various programs within one set of financial guidelines rather than being forced to comply with many conflicting sets of rules. This situation would be enhanced if the procedures established by the Department of Administration were consistent with both the Federal Management Circular (FMC) 74-4, and Office of Management and Budget (OMB) Circular A-122, which provides the majority of the fiscal regulations within which Non-Profits currently operate Federal Grants and contracts.

903 W. Northern Lights Blvd., Suite 203 / Anchorage / Alaska 99503 / Ph. (907) 276-2121

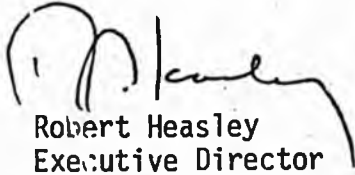
*The Non-Profit Corporation Serving The People Of The Chugach Native Region*

REC'D JAN 20 1982

Letter for Senator Metcalfe  
January 22, 1982  
Page 2 of 2

Thank you for your time, and continual concern that State Services meet the needs of rural residents.

Sincerely,



Robert Heasley  
Executive Director



Gordon Melms  
Comptroller

RH GM/mkr.  
Enclosure



## THE ALASKA NATIVE FOUNDATION

411 WEST 4th AVENUE, SUITE 314 • ANCHORAGE, ALASKA 99501 • PHONE (907) 274-2541

January 22, 1982

Representative Ray H. Metcalfe  
Pouch V, Mail Stop 3100  
Juneau, Alaska 99811

Dear Representative Metcalfe:

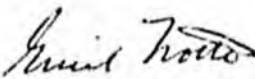
The purpose of this letter is to urge your support of HB608, a bill which would establish uniform administrative procedures for grants to, and contracts with, non-profit organizations.

As one of the non-profit organizations serving the needs and aspirations of the Alaskan Native people, we are well aware of the many problems in dealing with the various State departments. The duplication and confusion in working within the current conflicting systems can be alleviated by this proposed legislation. With the responsibility for establishing these uniform procedures resting with the Department of Administration, each State department would be treated in an equitable fashion and would retain full responsibility and control over all specific programmatic functions.

The State currently provides many services to its citizens through the various non-profit organizations and, with the advent of the Block Grants, will be responsible for the administration of more funds that will ultimately be allocated to the non-profit organizations. The State needs the non-profits as they have the systems in place to provide the necessary services in a more efficient and cost effective manner than could the State. It is in the State's best interest to allow the non-profits to administer these funds in a coherent and cohesive fashion, while at the same time maintain a greater degree of fiduciary control through uniform procedures and centralized review of the non-profits' administrative and financial systems.

The passage of HB608 is extremely important, and we feel that it should be implemented before the Block Grants are administered through the State by the Federal government. This legislation is not only fiscally sound but physically possible, and we urge you to support its implementation.

Most sincerely,

  
Emil Notti, Chairman  
Board of Directors

NC

EN:tr

REC'D JAN 25 1982

# Tanana Chiefs Conference, Inc.

Doyon Building  
201 First Avenue  
Fairbanks, Alaska 99701  
Phone (907) 452-8251

January 13, 1982

The Honorable Ray H. Metcalfe  
Chairman, House State Affairs Committee  
Pouch V  
Juneau, AK 99811

Re: House Bill #608

Dear Representative Metcalfe:

On December 15, 1981, the Tanana Chiefs Conference, Inc. Executive Board of Directors passed a resolution endorsing House Bill #608.

We would appreciate your support in passage of this bill during the legislative session. With many Federal programs being transferred to the State for administration and the increased responsibility by the nonprofit organizations in implementing State programs, it is urgent that a Uniform Standard Administrative procedure be established. The administration and negotiation of State contracts would be made easier for the nonprofits and the State of Alaska if this bill is passed.

Again we appreciate your support in seeing this bill become law.

Sincerely,

TANANA CHIEFS CONFERENCE, INC.

*William C. Williams by kh*

William C. "Spud" Williams  
President

WCW/kh

Enclosures

REC'D JAN 18 1982

TANANA CHIEFS CONFERENCE, INC.  
ENDORSEMENT OF ALASKA HOUSE BILL 608  
RESOLUTION 81-12

WHEREAS, the Tanana Chiefs Conference, Inc. is a nonprofit corporation under the laws of the State of Alaska; and

WHEREAS, the Tanana Chiefs Conference, Inc. has federally recognized negotiated indirect cost rates; and

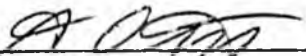
WHEREAS, the Tanana Chiefs Conference, Inc. has contracts with the State of Alaska; and

WHEREAS, the Tanana Chiefs Conference, Inc. deems that it is incumbent upon the State of Alaska that it establish uniform administrative procedures for grants to and contracts with nonprofit organizations:

NOW THEREFORE BE IT RESOLVED, that the Tanana Chiefs Conference, Inc. endorses House Bill No. 608, "An Act establishing uniform administrative procedures for grants to and contracts with nonprofit organizations", and urges the passage of the Bill by the Twelfth Legislature, Second Session.

CERTIFICATION

I hereby certify that this resolution was duly passed by the Tanana Chiefs Conference, Inc. Executive Board of Directors on December 15, 1981 at Anchorage, Alaska.

  
\_\_\_\_\_  
Mitch Demientieff  
Corporate Secretary  
Tanana Chiefs Conference, Inc.

- Cook Inlet Native 277-2681

- Fairbanks Tanana Chiefs Boy Taylor

- Bristol Bay/Dill Row Jackson

- Nome - Lee Little, Caleb Pancowicz

- Kodiak - Don Shaw

- Copper River Native Corp. Coyne Lester

- ANF - Phil Smith -

North Pacific Rim

4B1008

notify people of afternoon meeting  
and find out what problems they  
will have.

Perhaps speak to Mitchell on  
people he wants here.

Call Perkins - a review proposed  
language at least

Let them know of proposed language.

1-25

HB608 write PSA by Thursday

Carl Lake, but didn't make  
it because of bad weather

1-30 contact

~~Roy Hendorff - Pres. Cook Inlet  
Native Corp.~~

or Sam Kito, Jr. lobby for  
Cook Inlet - 278-4641