

ALASKA LEGISLATURE COMMITTEE FILES 2012020012

2068 SSA SB 194 - SB 231

2068

INTRODUCTION OF BILLS (Senate)(cont'd)

SB 194 (cont'd)

Provides Act effective immediately.

Introduced February 20 and referred to State Affairs and Judiciary.

Retirement
Benefits
(limiting
adjustments)

SENATE BILL NO. 195, by the Rules Committee by request of the Legislative Council (for the Blue Ribbon Commission on the State Personnel Act). Adds new subsections to AS 14.25.173 (Adjustment of Teachers' Retirement Benefits) and AS 39.35.520 (Adjustment of Public Emp. Retirement Benefits) which state that an adjustment which requires repayment of benefits may not be made under the section if (1) the incorrect benefit was first paid two years or more before the member or teacher or beneficiary (employee or beneficiary) was notified of the change or error; (2) the change or error was not caused by the member or teacher or beneficiary (employee or beneficiary); and (3) in the case of Public Employees' Retirement System, the change or error relates to the employee's credited service with the state and not with another participating employer. Act is retroactive to July 1, 1979. Effective immediately.

Introduced February 20 and referred to State Affairs and Finance.

Public Emp.
Retirement
Board
(membership)

SENATE BILL NO. 196, by the Rules Committee by request of the Legislative Council (for the Blue Ribbon Commission on the State Personnel Act). Changes the membership on the Public Employees' Retirement Board (AS 39.35.030). Currently, of the five members, three shall be members of the Personnel Board in the Dept. of Administration and the remaining two shall be members of the Public Employees' Retirement System, elected by members of the system. Bill changes composition of board so that one member is appointed by the Governor and the remaining four are members of the system, elected by the members of the system. Also adds a requirement that at least one of the elected board members be retired. Sec. 2 of bill states that a person serving on the Board on the effective date of Act who was from the Personnel Board of the Dept. of Admin. shall continue to serve until his successor is elected or appointed by the Governor. Does not provide for effective date.

Introduced February 20 and referred to State Affairs.

Regulations
(adoption of
by retire-
ment systems)

SENATE BILL NO. 197, by the Rules Committee by request of the Legislative Council (for the Blue Ribbon Commission on the State Personnel Act). Amends law so that regulations adopted by the state retirement systems are subject to the provisions of the Administrative Procedure Act. Currently sections is AS 39.35 and AS 14.25 relating to the adoption of regulations by the systems state that the regulations relate to the internal management of state agencies and their adoption is not subject to the Admin. Procedure Act. (Bill repeals and re-enacts 39.35.042 and 14.25.022.) Does not provide for effective date. Introd. 2/20, ref. to State Affairs & Judiciary.

Fed. Mgmt.
Areas
(citizens'
adv. comm.)

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 36, (see p. 16). Makes following changes to original bill: establishes the commission as a temporary advisory agency "of the executive branch" of the state and states that commission shall consider the views of



JUNEAU, ALASKA

Alaska State Legislature

BLUE RIBBON COMMISSION ON THE
STATE PERSONNEL ACT
Pouch AG/Mail Stop 0123
Juneau, Alaska 99811
(907) 465-4442

Senator Bill Ray
Chairman

MEMORANDUM

April 20, 1981

TO: Senate State Affairs Committee

FROM: Teresa B. Cramer *TBC*
Administrative Assistant

SUBJECT: SB 194: Relating to Nepotism in State Employment

The present statute prohibiting nepotism in state employment is directed at relatives of the executive head of a department or agency. It prohibits the employment of anyone related within the second degree of kindred to the executive head. However, the Personnel Rules also prohibit the employment of persons related within the second degree of kindred to the head of the division or subdivision within which the person is working. (PR 13 09.2). In addition, the Rule requires that before a person may be employed in the same agency with a close relative, that the Director of Personnel and the appointing authority for the department or agency must give express approval to the appointment. (PR 13 09.3)

The scope of the Personnel Rules is broader than the scope of the statute. The Attorney General has advised the Division of Personnel that the Rules are therefore not completely enforceable. The Blue Ribbon Commission considered the issue and the majority recommends that the scope of the statute be enlarged to include the provisions of the Personnel Rules. While provisions against nepotism limit the opportunities of some Alaskans to find employment with particular offices in the state, the disadvantage to those people should be weighed against the appearance of impropriety and favoritism which is created if relatives of the head of a division or department are working within that division or department.

The Director of Personnel advised the commission that in the past he has routinely approved waivers for relatives to work in a non-supervisory status in the same office. The majority of the commission recommends that requirement for review of these situations be placed in

the statute to provide a mechanism for review should an instance of abuse arise.

SECTION BY SECTION ANALYSIS

Section 1. Subsection (a) prohibits the employment of a person related to the top-level managers of a department or agency. It encompasses the present substance of AS 39.10.010 and extends it to include deputy and assistant commissioners.

Subsections (b) and (c) extend the scope of the statute to include the provisions of the Personnel Rule. Subsection (b) prohibits the employment within a particular division of persons related to the division director. It applies to all three branches of government.

Subsection (c) provides that before two close relatives may work in the same office in the executive branch of government, the Director of Personnel and the person who is making the hiring decision must both approve the appointment in writing.

Section 2. Because the state is operating without an effective nepotism law, the commission recommends that the bill take effect immediately.

TBC:lmk
Attachment

PERSONNEL RULES

13 09.0 Nepotism

13 09.1 No person may be employed in a position in any agency who is the spouse of or is related by blood or marriage within and including the second degree of kindred to the appointing authority of the agency.

13 09.2 No person may be employed in a position in any division or subdivision of any agency who is the spouse of or is related by blood or marriage within and including the second degree of kindred to the head of the division or subdivision of the agency.

13 09.3 No person may be employed in a position in any agency who is the spouse of or is related by blood or marriage within and including the second degree of kindred to any other employee in the agency without the expressed approval of the appointing authority and the Director.

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SENATE BILL 195: LIMITING THE ADJUSTMENT OF RETIREMENT
BENEFITS.

PURPOSE

This bill remedies a problem which the commission was advised of in testimony from a retired state employee. When the employee retired in 1976, she had been advised on four separate occasions by the staff of the Division of Retirement and Benefits that she was eligible for more than nine years of credited service with the state. Shortly after she retired the legislature amended the retirement laws and she was told that she would receive credit for an additional three years because of her military service. She began receiving retirement benefits on that basis.

In 1979 the division wrote to advise her that their original computations had been in error and that her years of employment with the University of Alaska could not be included in her credited service. Therefore, she had received over \$5000 in benefits which she would have to repay. They reduced the amount of her check by \$100 to be credited towards that overpayment, in addition to reducing the check to the amount she was actually entitled to receive. The basis for denying credit for the employee's period of service with the University of Alaska was a regulation adopted by the Division of Retirement and Benefits in 1978 -- two years after she had retired.

The employee appealed to the Public Employee Retirement Board, which can waive collection of overpayments in cases of hardship. In

determining whether there would be hardship to the employee, the board considered her family's financial situation and found that she was not entitled to the waiver.

Commission members discovered that this was not an isolated instance. A number of retired state employees have undergone similar experiences. They relied on assurances from the division of retirement and benefits only to discover a considerable time later that errors had been made and that their benefits would be reduced.

The commission recommends that a two-year statute of limitations be placed on the collection of overpayments. Two years gives the Division of Retirement and Benefits ample time to audit its records and find and correct any errors made. After that period of time, a retired person should be freed from the burden of having to pay back the state for mistakes of the state's employees. This protection should be available only in cases where the retired person did not contribute to causing the error. It should not apply to persons working for employers other than the state, since those employers may not be in a financial position to absorb the cost of errors made by state employees.

SECTION BY SECTION ANALYSIS

Section 1. AS 14.25.173 is amended by adding a new subsection to read:

(b) An adjustment which requires repayment of benefits may not be made under this section if

(1) the incorrect benefit was first paid two years or more before the member or teacher or beneficiary was notified of the change

or error; and

(2) the change or error was not caused by the member or teacher or beneficiary.

Comment

This section amends the Teachers Retirement System by prohibiting the Division of Retirement and Benefits from decreasing benefits in order to collect for a previous overpayment if two conditions are met. The first condition is that the overpayment began two years or more before the division told the retired teacher of the error. The second condition is that the teacher did not cause the error.

Sec. 2. AS 39.35.520 is amended by adding a new subsection to read:

(b) An adjustment which requires repayment of benefits may not be made under this section if

(1) the incorrect benefit was first paid two years or more before the employee or beneficiary was notified of the change or error;

(2) the change or error was not caused by the employee or beneficiary; and

(3) the change or error relates to the employee's credited service with the state and not with another participating employer.

Comment

This section amends the Public Employee Retirement System in the same way that section 1 amends the TRS. However, in this section there is an additional condition. The error in computation must relate to the employee's credited

service with the state, and not with another participating employer.

Sec. 3. This Act is retroactive to July 1, 1979.

Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-070(c).

Comment

Section 3 makes the Act retroactive in order to include the retired person who testified before the commission. Section 4 provides that the Act takes effect immediately in order to address the hardship to retired state employees.

*Tony Crisman (Blue Ribbon) people called on info - longer formed and to
be incorrect - hardship on people.*

*Admin - NO - individual has other recourse
labors, farmers → in case of hardship - thru
found error*

Introduced: 2/20/81
Referred: State Affairs and Finance

Meritt Olson - Chmn TRS, NPA Ex-Council, +

*System has 2 years to
correct errors.*

BY THE RULES COMMITTEE BY
REQUEST OF THE LEGISLATIVE
COUNCIL (for the Blue Ribbon
Commission on the State
Personnel Act)

Cheryl RPA support

1 IN THE SENATE

2 SENATE BILL NO. 195

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act limiting the adjustment of retirement benefits;
7 and providing for an effective date."

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

9 * Section 1. AS 14.25.173 is amended by adding a new subsection to read:

10 (b) An adjustment which requires repayment of benefits may not be
11 made under this section if

12 (1) the incorrect benefit was first paid two years or more
13 before the member or teacher or beneficiary was notified of the change
14 or error; and

15 (2) the change or error was not caused by the member or
16 teacher or beneficiary.

17 * Sec. 2. AS 39.35.520 is amended by adding a new subsection to read:

18 (b) An adjustment which requires repayment of benefits may not be
19 made under this section if

20 (1) the incorrect benefit was first paid two years or more
21 before the employee or beneficiary was notified of the change or error;

22 (2) the change or error was not caused by the employee or
23 beneficiary; and

24 (3) the change or error relates to the employee's credited
25 service with the state and not with another participating employer.

26 * Sec. 3. This Act is retroactive to July 1, 1979.

27 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
28 070(c).

REPORT OF THE
BLUE RIBBON COMMISSION ON THE
~~STATE PERSONNEL ACT~~
TO THE
TWELFTH ALASKA STATE LEGISLATURE
FIRST SESSION

Senator Bill Ray
Chairman

February, 1981

SB 195

SENATE BILL 195: LIMITING THE ADJUSTMENT OF RETIREMENT
BENEFITS.

PURPOSE

This bill remedies a problem which the commission was advised of in testimony from a retired state employee. When the employee retired in 1976, she had been advised on four separate occasions by the staff of the Division of Retirement and Benefits that she was eligible for more than nine years of credited service with the state. Shortly after she retired the legislature amended the retirement laws and she was told that she would receive credit for an additional three years because of her military service. She began receiving retirement benefits on that basis.

In 1979 the division wrote to advise her that their original computations had been in error and that her years of employment with the University of Alaska could not be included in her credited service. Therefore, she had received over \$5000 in benefits which she would have to repay. They reduced the amount of her check by \$100 to be credited towards that overpayment, in addition to reducing the check to the amount she was actually entitled to receive. The basis for denying credit for the employee's period of service with the University of Alaska was a regulation adopted by the Division of Retirement and Benefits in 1978 -- two years after she had retired.

The employee appealed to the Public Employee Retirement Board, which can waive collection of overpayments in cases of hardship. In

determining whether there would be hardship to the employee, the board considered her family's financial situation and found that she was not entitled to the waiver.

Commission members discovered that this was not an isolated instance. A number of retired state employees have undergone similar experiences. They relied on assurances from the division of retirement and benefits only to discover a considerable time later that errors had been made and that their benefits would be reduced.

The commission recommends that a two-year statute of limitations be placed on the collection of overpayments. Two years gives the Division of Retirement and Benefits ample time to audit its records and find and correct any errors made. After that period of time, a retired person should be freed from the burden of having to pay back the state for mistakes of the state's employees. This protection should be available only in cases where the retired person did not contribute to causing the error. It should not apply to persons working for employers other than the state, since those employers may not be in a financial position to absorb the cost of errors made by state employees.

SECTION BY SECTION ANALYSIS

Section 1. AS 14.25.173 is amended by adding a new subsection to read:

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(1) the incorrect benefit was first paid two years or more before the member or teacher or beneficiary was notified of the change

or error; and

(2) the change or error was not caused by the member or teacher or beneficiary.

Comment

This section amends the Teachers Retirement System by prohibiting the Division of Retirement and Benefits from decreasing benefits in order to collect for a previous overpayment if two conditions are met. The first condition is that the overpayment began two years or more before the division told the retired teacher of the error. The second condition is that the teacher did not cause the error.

Sec. 2. AS 39.35.520 is amended by adding a new subsection to read:

(b) An adjustment which requires repayment of benefits may not be made under this section if

(1) the incorrect benefit was first paid two years or more before the employee or beneficiary was notified of the change or error;

(2) the change or error was not caused by the employee or beneficiary; and

(3) the change or error relates to the employee's credited service with the state and not with another participating employer.

Comment

This section amends the Public Employee Retirement System in the same way that section 1 amends the TRS. However, in this section there is an additional condition. The error in computation must relate to the employee's credited

service with the state, and not with another participating employer.

Sec. 3. This Act is retroactive to July 1, 1979.

Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-070(c).

Comment

Section 3 makes the Act retroactive in order to include the retired person who testified before the commission. Section 4 provides that the Act takes effect immediately in order to address the hardship to retired state employees.

15

MSG 81-00007338 PRTY 1 03/09/81 11:15:04 ORIG: LA00 IN= 0006 OUT= 0027
FROM: MARCIE, ANC TO: BEV, JUNEAU INFO
TARGET: LJH2;SUBJ: FOM'S PAGE 0004

TO: ALL MEMBERS, SENATE STATE AFFAIRS COMMITTEE

FROM: CATHERINE J. LARSON, SR BOX 2096 R, ANCHORAGE 99507
PRESIDENT, AK STATE RETIRED TEACHER'S ASSOCIATION

THE ALASKA STATE TEACHER'S RETIREMENT ASSOCIATION SUPPORTS
SB 195 AS A FAIR AND EQUITABLE WAY TO DEAL WITH ADJUSTMENTS OF RETIREMENT
BENEFITS.



JUNEAU, ALASKA

Alaska State Legislature

BLUE RIBBON COMMISSION ON THE
STATE PERSONNEL ACT
Pouch AG/Mail Stop 0123
Juneau, Alaska 99811
(907) 465-4442

Senator Bill Ray
Chairman

MEMORANDUM

April 7, 1981

TO: Senate State Affairs Committee

FROM: Teresa B. Cramer
Administrative Assistant

SUBJECT: Senate Bill 195: Limiting the Adjustment of Retirement Benefits

BACKGROUND

This bill remedies a problem which the Blue Ribbon Commission was advised of in testimony from a retired state employee. When the employee retired in 1976, she had been advised on four separate occasions by the staff of the Division of Retirement and Benefits that she was eligible for more than nine years of credited service with the state. Shortly after she retired the legislature amended the retirement laws and she was told that she would receive credit for an additional three years because of her military service. She began receiving retirement benefits on that basis.

In 1979 the division wrote to advise her that their original computations had been in error and that her years of employment with the University of Alaska could not be included in her credited service. Therefore, she had received over \$5000 in benefits which she would have to repay. They reduced the amount of her check by \$100 to be credited towards that overpayment, in addition to reducing the check to the amount she was actually entitled to receive. The basis for denying credit for the employee's period of service with the University of Alaska was a regulation adopted by the Division of Retirement and Benefits in 1978 -- two years after she had retired.

The employee appealed to the Public Employee Retirement Board, which can waive collection of overpayments in cases of hardship. In determining whether there would be hardship to the employee, the board considered her family's financial situation and found that she was not entitled to the waiver.

Commission members discovered that this was not an isolated instance. A number of retired state employees have undergone similar

experiences. They relied on assurances from the Division of Retirement and Benefits only to discover a considerable time later that errors had been made and that their benefits would be reduced.

The commission recommends that a two-year statute of limitations be placed on the collection of overpayments. Two years gives the Division of Retirement and Benefits ample time to audit its records and find and correct any errors made. After that period of time, a retired person should be freed from the burden of having to pay back the state for mistakes of the state's employees. This protection should be available only in cases where the retired person did not contribute to causing the error. It should not apply to persons working for employers other than the state, since those employers may not be in a financial position to absorb the cost of errors made by state employees.

SECTION BY SECTION ANALYSIS

Section 1 amends the Teachers Retirement System by prohibiting the Division of Retirement and Benefits from decreasing benefits in order to collect for a previous overpayment if two conditions are met. The first condition is that the overpayment began two years or more before the division told the retired teacher of the error. The second condition is that the teacher did not cause the error.

Section 2 amends the Public Employee Retirement System in the same way that section 1 amends the TRS. However, in this section there is an additional condition. The error in computation must relate to the employee's credited service with the state, and not with another participating employer.

Section 3 makes the Act retroactive in order to include the retired person who testified before the commission.

Section 4 provides that the Act takes effect immediately in order to address the hardship to retired state employees.

THE LEGISLATURE OF THE STATE OF ARIZONA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 105
 Title An Act Limiting the Adjustment of Retirement Benefits
 Requested by Senator Vic Fischer Date _____

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

Undoubtedly there will be some costs to the retirement system, but they cannot be measured. In most instances the individual adjustment would be small.

IV. DATE 4/02/81 PREPARED BY Ken Humphreys, for Paul A. Arnold, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-3460
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Ray
 Office of the Governor (Keith Spackin)

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. Senate Bill No. 195
 Title An Act Limiting the Adjustment of Retirement Benefits
 Requested by _____ Date _____

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

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PEERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

Undoubtedly there will be some costs to the retirement system, but they cannot be measured. In most instances the individual adjustment would be small.

IV. DATE 4/02/81 PREPARED BY Paul E. Arnold, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 Office of the Governor (Keith Specking)

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JUNEAU, ALASKA

Alaska State Legislature

BLUE RIBBON COMMISSION ON THE
STATE PERSONNEL ACT
Pouch AG/Mail Stop 0123
Juneau, Alaska 99811
(907) 465-4442

Senator Bill Ray
Chairman

MEMORANDUM

April 3, 1981

TO: Senate State Affairs Committee

FROM: Teresa B. Cramer *TBC*
Administrative Assistant

SUBJECT: SB 196 Relating to the Membership of the Public Employees Retirement Board.

This bill amends the Public Employees Retirement Act to change the membership of the Public Employees Retirement Board. The law presently requires that the three members who are appointed to the Personnel Board shall also serve on the PERB. AS 39.35.030. Those three individuals are also, by statute, appointed to the Labor Relations Agency, which is involved in collective bargaining issues. AS 23.40.250(3). The activities of both the LRA and the PERB have grown considerably recently. In the last legislative session, the PERB was made responsible for overseeing the supplemental employee benefit program and the deferred compensation program for state employees. AS 39.35.040(9) and (10). The increase in the number of state employees who are members of collective bargaining organizations has led to additional work for the LRA. The three members of the Personnel Board are citizen volunteers appointed by the Governor who are not employed by the state.

While the issues which are addressed by the Personnel Board are related to some of the issues addressed by the Labor Relations Agency, this is not the case with the subjects of concern to the Public Employees Retirement Board. Therefore, the Blue Ribbon Commission recommends that the members of the Personnel Board continue to serve as the members of the LRA and that they be removed from the PERB. The PERB should be composed of four elected members and one member appointed by the Governor. In addition, the commission recommends that one of the elected members should be a retired person to insure that those most directly affected by the system have a voice in the decision-making body.

Section 1 of the bill sets out the changes in membership of the PERS board which are discussed above.

Section 2 is a temporary measure to enable the board to continue to act until new members have been selected according to the new method.

TBC:lmk

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. Senate Bill No. 196
 Title An Act Relating to the Membership of the Public Employees Retirement Board
 Requested by Senator Fischer Date 4/03/81

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

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		14.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS						
TOTAL	-0-	14.0	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS		14.0				
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

Costs in FY82 are to conduct a PERS wide election of two Board members.

Term of office is six years.

IV. DATE 4/05/81 PREPARED BY Ken Humphreys, for Paul B. Arnold, Director
 AGENCY Division of Retirement & Benefits
 PHONE 365-4460
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Ray
 Office of the Governor (Keith Specking)

Muller — no need to change composition;
- members of PERS Board are also on Personnel
board, ~~is that~~
- ? members of system be board member for system?

Introduced: 2/20/81
Referred: State Affairs

BY THE RULES COMMITTEE BY
REQUEST OF THE LEGISLATIVE
COUNCIL. (for the Blue Ribbon
Commission on the State
Personnel Act)

PERS Board
opposed

1 IN THE SENATE

2 SENATE BILL NO. 196

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the membership of the Public
7 Employees Retirement Board."

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

9 * Section 1. AS 39.35.030(b) is amended to read:

10 (b) One [THREE] board member [MEMBERS] shall be appointed by the
11 governor and shall serve at his pleasure [MEMBERS OF THE PERSONNEL
12 BOARD OF THE DEPARTMENT OF ADMINISTRATION]. The remaining four [TWO]
13 board members shall be members of the system [AND] elected by the
14 members of the system, and at least one of the elected board members
15 shall be retired.

16 * Sec. 2. Notwithstanding AS 39.35.030(b), as amended by sec. 1 of this
17 Act, a person serving on the Public Employees Retirement Board on the effec-
18 tive date of this Act who was from the personnel board of the Department of
19 Administration shall continue to serve until his successor is elected or
20 appointed by the governor.

21
22 Terry Cramer - Personnel board members
23 taken off - retirement board duties
24 heavy workload + ~~was~~ Personnel
25 Bd tied down w/ labor relations

26
27 Cherie - Bd overworked

28
29 ? — same as TERS-1?

REPORT OF THE
BLUE RIBBON COMMISSION ON THE
STATE PERSONNEL ACT
TO THE
TWELFTH ALASKA STATE LEGISLATURE
FIRST SESSION

Senator Bill Ray
Chairman

February, 1981

SB 196

SENATE BILL 196 : RELATING TO THE MEMBERSHIP OF THE
PUBLIC EMPLOYEES RETIREMENT BOARD.

PURPOSE

This bill amends the Public Employees Retirement Act to change the membership of the Public Employees Retirement Board. The law presently requires that the three members who are appointed to the Personnel Board shall also serve on the PERB. AS 39.35.030. Those three individuals are also, by statute, appointed to the Labor Relations Agency, which is involved in collective bargaining issues. AS 23.40.250(3). The activities of both the LRA and the PERB have grown considerably recently. In the last legislative session, the PERB was made responsible for overseeing the supplemental employee benefit program and the deferred compensation program for state employees. AS 39.35.040(9) and (10). The increase in the number of state employees who are members of collective bargaining organizations has led to additional work for the LRA. The three members of the Personnel Board are citizen volunteers appointed by the Governor who are not employed by the state.

While the issues which are addressed by the Personnel Board are related to some of the issues addressed by the Labor Relations Agency, this is not the case with the subjects of concern to the Public Employees Retirement Board. Therefore, the commission recommends that the members of the Personnel Board continue to serve as the members of the LRA and that they be removed from the PERB.

the PERB should be composed of four elected members and one member appointed by the Governor. In addition, the commission recommends that one of the elected members should be a retired person to insure that those most directly affected by the system have a voice in the decision-making body.

SECTION BY SECTION ANALYSIS

Section 1. AS 39.35.030(b) is amended to read:

(b) One (THREE) board member (MEMBERS) shall be appointed by the governor and shall serve at his pleasure (MEMBERS OF THE PERSONNEL BOARD OF THE DEPARTMENT OF ADMINISTRATION). The remaining four (TWO) board members shall be members of the system (AND) elected by the members of the system, and at least one of the elected board members shall be retired.

Comment

Section 1 of the bill sets out the changes in membership of the PERS board which are discussed above.

Sec. 2. Notwithstanding AS 39.35.030(b), as amended by sec. 1 of this Act, a person serving on the Public Employees Retirement Board on the effective date of this Act who was from the personnel board of the Department of Administration shall continue to serve until his successor is elected or appointed by the governor.

Comment

Section 2 is a temporary measure to enable the board to continue to act until new members have been selected according to the new method.

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REPORT OF THE
BLUE RIBBON COMMISSION ON THE
~~STATE PERSONNEL ACT~~

TO THE
TWELFTH ALASKA STATE LEGISLATURE
FIRST SESSION

Senator Bill Ray
Chairman

February, 1981

SB 197

SENATE BILL 197: APPLYING THE ADMINISTRATIVE PROCEDURE ACT (AS 44.62) TO ADOPTION OF REGULATIONS BY STATE RETIREMENT SYSTEMS.

PURPOSE

This bill amends the law to require that both the Public Employees Retirement Board and the Teachers Retirement System administrators comply with the Administrative Procedure Act when adopting regulations. Both retirement systems are presently exempted from the APA. The commission recommends the change because of concern that regulations have been adopted in the past without adequate opportunity for public comment. Although rule-making under the APA may be more time-consuming than rule-making under the present methods of the retirement systems, the improved public notice requirements outweigh that disadvantage. In instances in which either retirement system is faced with a need for immediate change in regulations, the APA provides for emergency rule-making. AS 44.62.250.

SECTION BY SECTION ANALYSIS

Section 1. AS 39.35.042 is repealed and reenacted to read:

Sec. 39.35.042. REGULATIONS. Adoption of regulations under this chapter is subject to the Administrative Procedure Act (AS 44.62).

Comment

Section 1 of the bill amends the Public Employees Retirement System statute to make the PERS subject to the APA rule-making requirements.

Sec. 2. AS 14.25.022 is repealed and reenacted to read:

Sec. 14.25.022. REGULATIONS. Adoption of regulation by the administrator under this chapter is subject to the Administrative Procedure Act (AS 44.62).

Comment

Section 2 amends the Teachers Retirement System statute to make the TRS subject to the APA rule-making requirements.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. 197
 Title An Act Applying the Administrative Procedure Act (AS 44.62) to Adoption of Regulations
 Requested by Senator Vic Fischer Date _____

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						
<u>POSITIONS</u> NONE						
FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 4/02/81 PREPARED BY Ken Humphreys, for Paul S. Arnold, Director
 AGENCY Division of Retirement & Benefits
 PHONE 265-2460
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Ray



JUNEAU, ALASKA

Alaska State Legislature

BLUE RIBBON COMMISSION ON THE
STATE PERSONNEL ACT
Pouch AG/Mail Stop 0123
Juneau, Alaska 99811
(907) 465-4442

Senator Bill Ray
Chairman

MEMORANDUM

April 3, 1981

TO: Senate State Affairs Committee

FROM: Teresa B. Cramer *TBC*
Administrative Assistant

SUBJECT: SB 197 Applying the Administrative Procedure Act (AS 44.62)
to Adoption of Regulations by State Retirement Systems.

This bill amends the law to require that both the Public Employees Retirement Board and the Teachers Retirement System administrators comply with the Administrative Procedure Act when adopting regulations. Both retirement systems are presently exempted from the APA. The Blue Ribbon Commission recommends the change because of concern that regulations have been adopted in the past without adequate opportunity for public comment. Although rule-making under the APA may be more time-consuming than rule-making under the present methods of the retirement systems, the improved public notice requirements outweigh that disadvantage. In instances in which either retirement system is faced with a need for immediate change in regulations, the APA provides for emergency rule-making. AS 44.62.250.

Section 1 of the bill amends the Public Employees Retirement System statute to make the PERS subject to the APA rule-making requirements.

Section 2 amends the Teachers Retirement System statute to make the TRS subject to the APA rule-making requirements.

TBC:lmk

Introduced: 1/20/81
Referred: Health, Education &
Social Services and Judiciary

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 101

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Teachers' Retirement System
7 and authorizing adoption of regulations by the Alaska
8 Teachers' Retirement Board."

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

10 * Section 1. AS 14.25.020(a)(1) is repealed and reenacted to read:

11 (1) recommend to the board regulations to govern the opera-
12 tion of the system;

13 * Sec. 2. AS 14.25.022 is amended to read:

14 Sec. 14.25.022. REGULATIONS. Regulations adopted by the board
15 [PROMULGATED BY THE ADMINISTRATOR] under this chapter [AS 14.25.010 -
16 14.25.220] relate to the internal management of a state agency and
17 their adoption is not subject to the Administrative Procedure Act
18 (AS 44.62).

19 * Sec. 3. AS 14.25.035 is amended by adding a new subsection to read:

20 (i) The board shall consider and may adopt, amend, or repeal
21 regulations to govern the operation of the system.

22 * Sec. 4. AS 14.25.220 is amended by adding a new paragraph to read:

23 (41) "board" means the Alaska Teachers' Retirement Board
24 established under AS 14.25.035.

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+ amend

A M E N D M E N T

OFFERED IN THE SENATE:

By: RAY

To: _____ SENATE BILL No. 101

HOUSE BILL No. _____

PAGE: 1

LINE: 16 - 18

Delete Lines 16 - 18 and replace with the following:

14.25.220] that only relate to the internal management of a state agency shall be posted for 30 days before their adoption. However regulations that concern matters of public policy shall be adopted under the Administrative Procedures Act (AS 44.62).

Introduced: 2/20/81
Referred: State Affairs and
Judiciary

BY THE RULES COMMITTEE BY
REQUEST OF THE LEGISLATIVE
COUNCIL (for the Blue Ribbon
Commission on the State
Personnel Act)

1 IN THE SENATE

2 SENATE BILL NO. 197

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act applying the Administrative Procedure Act
7 (AS 44.62) to adoption of regulations by state retire-
8 ment systems."

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

10 * Section 1. AS 39.35.042 is repealed and reenacted to read:

11 Sec. 39.35.042. REGULATIONS. Adoption of regulations under this
12 chapter is subject to the Administrative Procedure Act (AS 44.62).

13 * Sec. 2. AS 14.25.022 is repealed and reenacted to read:

14 Sec. 14.25.022. REGULATIONS. Adoption of regulations by the
15 administrator under this chapter is subject to the Administrative
16 Procedure Act (AS 44.62).

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18 Fred Muller - cumbersome, not necessary,

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20 APA requires rigid process

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22 Terry Cramer - public not adequately
23 informed → ind. members of ret. system

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25 Cherie Trucl → apply Benefits
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27 & (2) Deferred Compensation

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____ Senate Bill No. 197
 Title In Act Applying the Administrative Procedure Act (AS 44.62) to Adoption of Regulation
 Requested by Senator Vic Fischer Date _____

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 STATE TRS MATCHING						
100 BENEFITS						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 1/02/81 PREPARED BY Paul R. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Ray

Ken Humphreys, for [Signature]



JUNEAU, ALASKA

Alaska State Legislature

BLUE RIBBON COMMISSION ON THE
STATE PERSONNEL ACT
Pouch AG/Mail Stop 0123
Juneau, Alaska 99811
(907) 465-4442

Senator Bill Ray
Chairman

MEMORANDUM

April 3, 1981

TO: Senate State Affairs Committee

FROM: Teresa B. Cramer *TBC*
Administrative Assistant

SUBJECT: SB 197 Applying the Administrative Procedure Act (AS 44.62)
to Adoption of Regulations by State Retirement Systems.

This bill amends the law to require that both the Public Employees Retirement Board and the Teachers Retirement System administrators comply with the Administrative Procedure Act when adopting regulations. Both retirement systems are presently exempted from the APA. The Blue Ribbon Commission recommends the change because of concern that regulations have been adopted in the past without adequate opportunity for public comment. Although rule-making under the APA may be more time-consuming than rule-making under the present methods of the retirement systems, the improved public notice requirements outweigh that disadvantage. In instances in which either retirement system is faced with a need for immediate change in regulations, the APA provides for emergency rule-making. AS 44.62.250.

Section 1 of the bill amends the Public Employees Retirement System statute to make the PERS subject to the APA rule-making requirements.

Section 2 amends the Teachers Retirement System statute to make the TRS subject to the APA rule-making requirements.

TBC:lmk

MEMO

TO: Vic

FROM: Nan *Smiles!*

DATE: April 10, 1981

RE: SB 101 entitled "An Act relating to the Teacher's Retirement System and authorizing adoption of regulations by the Alaska Teachers Retirement Board."

SB 101 before you in Senate HESS today is in direct conflict with SB 197 (see attached Exhibit A) which is part of the retirement package in State Affairs.

The current statutes (see Exhibit B, page 2) exempt regulations promulgated by the administrator from adoption in conformance with the procedures outlined in the Administrative Procedure Act (APA). "Administrator" as currently used in the Teachers' Retirement System means the Department of Administration.

SB 197 amends the law to require that both the Public Employees Retirement Board and the Teachers Retirement System Administrators comply with the Administrative Procedure Act when adopting regulations. Both retirement systems are presently exempted from the APA. The Blue Ribbon Commission recommends the change because of concern that regulations have been adopted in the past without adequate opportunity for public comment. Although rule-making under the APA may be more time-consuming than rule-making under the present methods of the retirement systems, the improved public notice requirements outweigh that disadvantage. In instances in which either retirement system is faced with a need for immediate change in regulations, the APA provides for emergency rule-making. AS 44.62.250.

SB 101 Analysis

Section 1 states that the Department of Administration may recommend regulations to the Teachers' Retirement Board.

Section 2 gives the Teachers' Retirement Board the authority to adopt regulations without following the procedures of the APA.

Section 3 gives the Teachers' Retirement Board the power to consider and adopt, amend or repeal regulations to govern the retirement system.

Section 4 amends the definition section of the act to define "board" to mean the Alaska Teachers' Retirement Board.

Note: As I interpret the amendments proposed in SB 101 there is no requirement that the Board adopt any regulations even though the Board has the authority to do so.

Sec. 1 of SB 101 repeals Sec. 14.25.020. Powers of the Administrator. (a) The administrator may

(1) promulgate and issue appropriate regulations having the force of law to implement this chapter and to cover matters not expressly touched upon or anticipated but implied by this chapter; *This section repealed, section is not replaced by any of the amendments proposed in SB 101.*

Overview of APA procedures for Adopting Regulations

The APA spells out specific procedures for adopting regulations such as notice, publication, opportunity for submitting comments and a public hearing. All regulations are reviewed by the regulations attorney in the Department of Law. All state agencies which by statute possess regulation-making authority must adopt regulations in conformity with the APA requirements. Cases interpreting regulations have held that when a conflict exists between a statute and a regulation, the statute prevails.

The Supreme Court will review regulations in the following manner: First, it will ascertain whether the regulation is consistent with and reasonably necessary to carry out the purposes of the statutory provisions conferring rule-making authority on the agency. This aspect of review insures that the agency has not exceeded the power delegated by the legislature. Second, the court will determine whether the regulation is reasonable and not arbitrary. This latter inquiry is proper in the review of any legislative enactment.

Introduced: 2/20/81
Referred: State Affairs and
Judiciary

BY THE RULES COMMITTEE BY
REQUEST OF THE LEGISLATIVE
COUNCIL (for the Blue Ribbon
Commission on the State
Personnel Act)

1 IN THE SENATE

2 SENATE BILL NO.197

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act applying the Administrative Procedure Act
7 (AS 44.62) to adoption of regulations by state retire-
8 ment systems."

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

10 * Section 1. AS 39.35.042 is repealed and reenacted to read:

11 Sec. 39.35.042. REGULATIONS. Adoption of regulations under this
12 chapter is subject to the Administrative Procedure Act (AS 44.62).

13 * Sec. 2. AS 14.25.022 is repealed and reenacted to read:

14 Sec. 14.25.022. REGULATIONS. Adoption of regulations by the
15 administrator under this chapter is subject to the Administrative
16 Procedure Act (AS 44.62).

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Exhibit "A"

Chapter 25. Teachers' Retirement.

Article

1. Teachers' Retirement System (§§ 14.25.010 — 14.25.020)

Article 1. Teachers' Retirement System.

Section

- 10. Retirement system established
- 20. Powers of the administrator
- 22. Regulations
- 30. Duties of the administrator
- 35. Teachers' Retirement Board
- 40. Membership
- 45. Participation by National Education Association employees
- 50. Contributions by teachers
- 55. Supplemental contribution by a teacher
- 60. Arrearages
- 65. Transmittal of contributions
- 70. Contributions by employer
- 80. Contributions by the state
- 90. [Repealed]
- 100. Credit for service in the armed forces
- 110. Eligibility for service retirement
- 120. Manner of computing service retirement salary
- 130. Eligibility for disability retirement
- 135. Deferred retirement benefit

Section

- 137. Deferred vested retirement benefit
- 138. Notification of intention to retire
- 140. Manner of computing disability retirement salary
- 142. Cost of living allowance
- 143. Post retirement pension adjustment
- 145. Interest on individual accounts
- 150. Payment on withdrawal from system
- 160. Payment upon death of teacher
- 162. Survivor's allowance
- 164. Spouse's pension
- 168. Medical benefits
- 169. Duplicate benefits
- 170. Administration
- 180. Custody and investment
- 190. Actuarial evaluations of the retirement fund
- 200. Exemption from taxation and process
- 205. Time limit for application
- 210. Penalty for false statements
- 220. Definition of terms

Sec. 14.25.010. Retirement system established. A joint-contributory retirement system for teachers of the state is created. (§ 1 ch 145 SLA 1955; am § 1 ch 89 SLA 1960)

Am. Jur., ALR and C.J.S. references. — 40 Am. Jur., Pensions, § 1 et seq.; 47 Am. Jur., Schools, § 27 et seq.; 48 Am. Jur., Social Security, Unemployment Insurance and Retirement Funds, § 1 et seq.

Validity of statute providing for pensions for teachers, 37 ALR 1162.

Validity of repeal or modification of pension statute provisions, 52 ALR2d 437; 81 C.J.S. State § 94.

Sec. 14.25.020. Powers of the administrator. (a) The administrator may

(1) promulgate and issue appropriate regulations having the force of law to implement this chapter and to cover matters not expressly touched upon or anticipated but implied by this chapter;

(2) make expenditures from the retirement fund necessary to administer this chapter.

(b) The administrative expenditures permitted by (a) (2) of this section shall be included in the governor's budget for each fiscal year and are subject to appropriation by the legislature. (§ 4 ch 145 SLA 1955; am § 2 ch 142 SLA 1957; am § 3 ch 89 SLA 1960)

Exhibit "B"
86
Page 1

Sec. 14.25.022. Administrator management Administrative

Sec. 14.25.023. (1) establish retirement fu (2) approve (3) keep an (4) publish retirement fu (5) do what this chapter. 89 SLA 1960)

Sec. 14.25.024. the Alaska T appointed by member shall this chapter. governor a li (b) Member each member the rate estab (c) The bo and revenue of the Teache to them as th (d) The bo administrative information (e) The bo at the reques (f) rulings of retirement s (g) administrator to discuss pr consider and (h) The bo members, or (i) Expend teachers' re (j) Executive C (k) ch 61 SLA

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Education

~~Sec. 14.25.022. Regulations. Regulations promulgated by the administrator under §§ 10 — 220 of this chapter relate to the internal management of a state agency and their adoption is not subject to the Administrative Procedure Act (AS 44.62). (§ 1 ch 13 SLA 1963)~~

Title 15
Education

Sec. 14.25.030. Duties of the administrator. The administrator shall
(1) establish and maintain an adequate system of accounts for the retirement fund;

(2) approve or disapprove claims for retirement salary;

(3) keep an official record of all proceedings;

(4) publish annually a report showing the financial condition of the retirement fund; and

(5) do whatever else may be necessary to carry out the purposes of this chapter. (§ 4 ch 145 SLA 1955; am § 2 ch 142 SLA 1957; am § 3 ch 89 SLA 1960)

Sec. 14.25.035. Teachers' Retirement Board. (a) There is established the Alaska Teachers' Retirement Board consisting of five members appointed by the governor for overlapping three-year terms. One member shall be a resident who is receiving retirement benefits under this chapter. Statewide teacher organizations may submit to the governor a list of recommended nominees to serve on the board.

(b) Members of the board serve without compensation except that each member may be reimbursed for actual and necessary expenses at the rate established in AS 39.20.180.

(c) The board shall confer with the commissioners of administration and revenue regarding the administration and the investment policies of the Teachers' Retirement Fund and may make such recommendations to them as they consider necessary.

(d) The board shall be furnished reports relating to the condition and administration of the retirement fund which shall be distributed for the information of the members of the system.

(e) The board shall serve as an appeal board and shall hold hearings at the request of an employer, employee, or any beneficiary in regard to rulings or decisions made by the administrator of the teachers' retirement system. The board shall submit its findings to the administrator. The board shall hold annually one or more public hearings to discuss proposed changes in the teachers' retirement system and to consider and adopt resolutions which might apply to this system.

(f) The board shall meet at the call of the chairman, any three members, or at the request of the commissioner of administration.

(g) Expenses for the board and its operation shall be paid from the teachers' retirement fund.

Executive Order No. 26, SLA 1964; am §§ 1 — 3 ch 85 SLA 1969; am § 1 ch 61 SLA 1972)

Revisor's note. — Under § 23, art. III of the state constitution, the governor can issue executive orders which have the force of law, if they are not disapproved by the

Exhibit "B"
Page 2

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STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF—STATE CAPITOL

JUNEAU, ALASKA 99811

February 25, 1981

To: Senator Bob Mulcahy
Chairman
Senate Labor and Commerce
Committee

From: Gerald L. Wilkerson, CPA *GLW*
Legislative Auditor
Division of Legislative Audit

Subject: Sunset Termination of Alaska Boards
and Commissions

Per your request, I am enclosing the status and termination dates of Alaska activities that have been terminated by law.

The following agencies had a June 30, 1980 termination date and will discontinue at ~~June 30, 1981~~ unless revived this session:

Collection Agency Board (AS 08.24.011)
Guide Licensing and Control Board (AS 08.08.040)
Board of Governors of the Alaska Bar Association
(AS 08.08.040)
State Board of Parole (AS 33.15.010)

The following agencies have a June 30, 1981 termination date and unless continued by law will have until ~~June 30, 1982~~ to wind up their affairs:

Board of Welding Examiners (AS 08.99.010)
Alcoholic Beverage Control Board (AS 04.06.010)
Alaska Pipeline Commission (AS 42.06.010)

The following agencies have a June 30, 1982 termination date and unless continued by law will have until June 30, 1983 to wind up their affairs:

Board of Dental Examiners (AS 08.36.010)
Board of Psychologist and Psychological Associate
Examiners (AS 08.86.010)

Board of Electrical Examiners (AS 08.40.010)
Real Estate Commission (AS 08.88.011)
Alaska Renewable Resource Corporation (AS 37.12.010)
Alaska Code Revision Commission (AS 24.20.075)

The following agencies have a June 30, 1983 termination date and unless continued by law will have until June 30, 1984 to wind up their affairs:

State Medical Board (AS 08.64.010)
Board of Nursing (AS 08.68.010)
Board of Marine Pilots (AS 08.62.010)
Alaska Transportation Commission (AS 42.07.011)
Alaska Council on Science and Technology (AS 44.19.181)

The following agencies have a June 30, 1984 termination date and unless continued by law will have until June 30, 1985 to wind up their affairs:

Board of Chiropractic Examiners (AS 08.20.010)
Board of Examiners in Optometry (AS 08.72.010)
Board of Pharmacy (AS 08.80.010)
Board of Public Accountancy (AS 08.04.010)
Board of Barbers and Hairdressers (AS 08.13.010)
State Board of Registration for Architects, Engineers,
and Land Surveyors (AS 08.48.011)

The following agencies have a June 30, 1985 termination date and unless continued by law will have until June 30, 1985 to wind up their affairs:

Board of Veterinary Examiners (AS 08.98.010)
Alaska Public Utilities Commission (AS 42.05.010)
Board of Dispensing Opticians (AS 08.71.010)

The following agencies have a June 30, 1986 termination date and unless continued by law will have until June 30, 1987 to wind up their affairs:

Board of Nursing Home Administrators (AS 08.70.010)
State Physical Therapy Board (AS 08.84.010)

The Rural Development Council (AS 44.47.160-44.47.190) has a June 30, 1987 termination date and unless continued by law will have until June 30, 1988 to wind up its affairs.

Senator Bob Mulcahy
February 25, 1981
Page 3

If you need additional information on the "sunset" process,
please contact me.

cc: ✓ Senator Arliss Sturgulewski
Chairman
Legislative Budget and Audit Committee

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF—STATE CAPITOL

JUNEAU, ALASKA 99811

February 23, 1981

To: The Legislative Budget and Audit
Committee

FROM: Gerald L. Wilkerson, CPA *GLW*
Legislative Auditor
Division of Legislative Audit

Subject: Selection of Programs for Sunset Review
within the Health and Social Services
Budget Categories

At the February 13, 1981 Legislative Budget and Audit Committee meeting, the Audit Division was requested to recommend a list of programs to be subjected to the "sunset" process.

After discussions with the appropriate budget analysts for the Legislature and Governor's office, and meetings held with the applicable departments' budget officers, the Division recommends those programs listed in the latter part of this memorandum for "sunset" review. Though we acknowledge it is unlikely that certain programs listed could be discontinued unless prior policy is significantly redirected, this Division feels that all recommendations should be reviewed from performance, public need, and cost-effective perspectives.

In addition to activities selected from the health and social services budget categories, the Legislature will be required during the 1982 session to oversight the following entities which will terminate on June 30, 1982:

Board of Dental Examiners
Board of Psychologists
Board of Electrical Examiners
Real Estate Commission
Alaska Renewable Resource Corporation

We recommend the following programs and activities be subject to the "sunset" process:

Health Budget Category

Department of Health and Social Services

Alaska Psychiatric Institute (API)

Background

API, located in Anchorage, maintains 121 beds for care for the acute mentally ill. The general purpose of this institution is to provide institutional services not available in the local communities because of complexity, small number of clientele, or the need for security.

Financial Data

The Institution has a 1981 authorized budget of \$8,574,100 and is requesting a 1982 budget of \$10,574,000, which represents a 23% increase. Average daily census report was 115 patients. Average cost per patient bed utilized was \$67,030 for Fiscal Year 1980. This computes to \$184/patient day. The Institution employs approximately 250 people.

Selection Criteria

Due to the high cost of institutional care, API should be reviewed for cost effectiveness.

Over the last few years, local communities have been encouraged to provide services with State financial support and technical assistance. The 1982 budget requests over \$8 million for financial assistance to varying types of local community mental health programs. Though this decentralization of services claims to decrease the propensity to place people in institutions, API's budget indicates a census increase of patients.

Legislative Audit conducted a limited review of API in 1980 which indicated that management and personnel problems existed.

Office of Information Systems

Background

This BRU provides research capabilities and data processing support to all divisions within the Department, particularly public assistance programs.

Financial Data

These programs have an authorized 1981 budget of \$2,286,200. They employ approximately 40 people. Approximately 48% of the budget is contractual service, predominantly with the Department of Administration Data Processing Unit.

Selection Criteria

A performance review to determine if decentralization of data processing services from the Statewide data processing unit is efficient and cost effective.

Parts of the Medicaid data processing system were contracted out to a California-based company rather than done in-house.

State Health Planning and Development Agency

Background

The primary functions are Statewide health service and facility planning and development, including certification of need, Statewide health facilities survey, licensing and certification on an annual basis to assure quality health care, and for Medicaid/Medicare payment eligibility.

Financial Data

This BRU was authorized \$1,332,200 for FY 1981 with \$571,000 being funded by federal receipts. Approximately 21 employees work in this agency.

Selection Criteria

We have been told an excellent chance exists that the federal government will phase out its funding over the next three-year period. A performance review conducted now might

ascertain that various functions should be allowed to terminate as federal funding diminishes or, conversely, that a real need exists for the continuance of part or all of the applicable programs.

Holistic Health

Background

Holistic Health deals with the preventive method, as opposed to the curative method, of improving health. This concept is based on the regulation of environment, sociological and psychological factors, and on information and awareness programs.

Financial Data

In FY 1981, \$500,000 was appropriated from the general fund to establish one coordinator position and pilot projects specifically directed toward prevention of disease. The BRU's FY 1982 budget request is \$701,100, a 40% increase over the prior year.

Selection Criteria

As this was a pilot program for FY 1981, now would be an excellent time to conduct a performance audit to determine if this activity is a duplication of other health programs, or if the State should be providing this service.

Social Service Budget Category

Department of Health and Social Services

Juvenile Custody - Social Service Institutional Care

This is a full-cost-of-care program administered under the authority of Alaska Statutes, Title 47. This service is provided to those individuals who are victims of abuse, neglect, or exploitation, or have lost their families through death or abandonment and require more intensive treatment for emotional or behavioral problems that can best be provided in a 24-hour group home or institution.

Financial Data

The general fund appropriations in this program have been increasing at an alarming rate. For FY 1981, \$7,333,600 was appropriated, a 32% increase over the prior year budget of \$5,558,800. The Department has requested \$10,101,800 for payment to private institutions for FY 1982, a 38% increase over FY 1981.

Average daily costs per person, according to the Department's budget documents, has increased from \$28/person in FY 1976 to \$75/person in FY 1980. FY 1981 is estimated at \$99/person and FY 1982 at \$137/person.

Selection Criteria

A performance review should be conducted to review this program and the related Alaska Statutes to determine if the programs and laws are cost effective and in the best interest of the State, or if more efficient alternatives exist.

Adult and Aging Services - Adult Services (Formerly Program Services - Homemaker Services and Adult Supportive Services)

Background

This activity provides services to adults, ranging from preventative services and in-home services to placement. Specific services include information and referral, adult protection, homemaker and home health aid services, shelter and counseling services, women's resource centers, and adult residential care.

Financial Data

The adult services sub-program for FY 1982 is requesting \$6,127,300, of which 89% is grant monies. Related grant monies in the homemaker service program increased from \$1,267,900 in FY'80 to \$2,438,900 in FY 1981, a 92% increase. In adult supportive services, grant monies increased from \$892,300 in FY'80 to \$2,865,000 in 1981 authorized budget, a 221% increase.

Selection Criteria

With the significant budget increase in these programs, a performance review should be done to determine if a public need exists for these programs and if the related monies are being spent in an efficient and effective manner.

STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

FINANCE DIVISION
POUCH WF—STATE CAPITOL

BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811

January 19, 1981

DRAFT

To: The Legislative Budget and Audit Committee

From: Gerald L. Wilkerson, CPA *GLW*
Legislative Auditor
Division of Legislative Audit

Subject: Legislative Responsibilities for Identifying
Agency Programs to be Subjected to Sunset Review

According to AS 44.66.030, the Legislative Budget and Audit Committee is to designate, not later than March 1, 1981, the programs and activities within the Health and Social Services Budget Categories which shall be subject to termination in the next fiscal year. In addition, it is our interpretation that the Committee may select any program from within the Executive Branch.

The programs and sub-programs of the Budget Category mentioned above are listed in Attachment A.

Suggested criteria that may be helpful in selecting programs are listed in Attachment B.

Based upon the Division's workload, it is recommended the Committee not select more than eight to ten programs or activities for sunset review.

ATTACHMENT A

HEALTH BUDGET CATEGORY

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Nursing

Field Nursing
Home Health Service
Administration
Early Screening

Contract Services - Mauneluk

Communicable Disease Control

TB Control
Venereal Disease Control
Immunization
Epidemiology

Environmental Health

Child and Family Health

Maternal and Child Health
Handicapped Children
Communicative Disorders
Child Development Service
Administration
Nutrition
Special Education Grants

Laboratories

Regional Labs
Administration

Public Health Administration

Administration
Health Education
Grant to GAAB
Anchorage Education Programs for the Handicapped

Emergency Medical Services

Administration
Advisory Council
Grants

DEPARTMENT OF HEALTH AND SOCIAL SERVICES (cont'd)

Medicaid

Hospitals
Physician Services
Other Services
Early Services
Nursing Homes
Indian Health Service

General Relief Medical

Hospitals
Physicians Services
Other Services
Nursing Homes
Catastrophic
Residential Home Care

Public Assistance Administration and Collection

Administration
Collection

Information Systems

Data Services
Vital Statistics

State Health Planning and Development Agency

Health Planning and Development
Certification and Licensing
Administration
Health Planning Committee
Health Systems Agencies Grants

Alcohol and Drug Abuse

Administration
Alcohol Abuse Grants
Drug Abuse Grants

Alaska Psychiatric Institute

Contract Forensic Services

Community Mental Health Services

Regional Administration
Juneau Regional Mental Health Clinic
Community Mental Health Grants

DEPARTMENT OF HEALTH AND SOCIAL SERVICES (cont'd)

Harborview

Governor's Council on Handicapped

Community Developmental Disabilities Services

Client Program Management

Residential Care

Family Support

- Mental Health Administration and Support

Central Office Administration

Mental Health Council and Land Board

Demonstration Grants

STATE BOND COMMITTEE

Department Service

Health Facilities

SOCIAL SERVICES BUDGET CATEGORIES

OFFICE OF THE GOVERNOR

Alaska Plan

DEPARTMENT OF ADMINISTRATION

Longevity Bonus

Pioneers Homes

Sitka

Fairbanks

Palmer

Kotzebue

Anchorage

Central Office

DEPARTMENT OF EDUCATION

Youth Employment Services

SOCIAL SERVICES BUDGET CATEGORIES (cont'd)

DEPARTMENT OF REVENUE

Child Support Enforcement

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Assistance Payments

Aid to Families with Dependent Children
Aid to the Blind
Aid to the Disabled
General Relief

Energy Assistance Program

Public Assistance Eligibility

Eligibility Determination
Staff Development

Program Services

Homemaker Services
Day Care
Youth Services
Adult Supportive Services

Foster Care

Institutional Care

Social Services

South Central Region
Northern Region
Southeastern Region
Western Region
Northwestern Region
Southern Region

Social Services Administration

Central Office
Staff Development

Work Incentive Program

SOCIAL SERVICES BUDGET CATEGORIES (cont'd)

Office of the Aging

Administration
Grants

Old Age Assistance Payments

Commissioner's Office

Administration

Director's Office
Personnel
Supply
Finance
Graphic Arts
Audit
Fraud Investigation
Management and Budget

Quality Control

Title XX Offset

DEPARTMENT OF LABOR

Employment Security

Employment Services
Unemployment Insurance
Fraud Investigation
CETA Services
Director's Office
Data Processing Applications
Data Processing Operations

Work Incentive Program

Commissioner's Office

Administrative Services

Management Services
Labor Market Information
Research Contracts

SOCIAL SERVICES BUDGET CATEGORIES (cont'd)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

Veterans Services

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

Senior Citizens Tax Relief

Homeowner's Property Tax Exemption
Renter's Equivalency Rebate
Water and Sewer Assessment Defer.
Motor Vehicle Exemption

Child Assistance

Day Care
Head Start Grants

CETA

Classroom Training
On the Job Training
Work Experience
Public Service Employment
Services to Economic Disadvantaged
Services and Administration

Senior Citizens Housing Development

Community Services

STATE BOND COMMITTEES

Department Service

Pioneers Homes
Senior Citizen Housing

Attachment B

RECOMMENDED CRITERIA FOR SELECTING PROGRAMS
SUBJECT TO SUNSET REVIEW

1. Duplication of program's objectives.
2. Duplication of efforts.
3. Degree of public exposure.
4. Dollars spent/Source of Funding
5. Dollar impact on consumer and/or private industry.
6. Availability/success of complaint function.
7. Results of assessment of alternative methods to achieve program's objectives.
8. Question of who should provide the service - State government, local government, or private sector.
9. Age of program.
10. Number of positions in program.
11. Existence of recent legislative review.
12. Indication of program deficiencies through internal or external audits.
13. Recent change in Legislation affecting the responsibilities of the program.

SB 226 (cont'd)

Bill adds new section to AS 27.09 entitled "REFINANCING," which states: "The department may refinance a loan under this chapter by making a loan to pay outstanding debts. The terms in AS 27.09-.040 apply to debts refinanced under this section." Provides Act effective immediately.

Introduced March 2 and referred to Resources and Finance.

Inset Review
(programs in
Dept. H&SS)

SENATE BILL NO. 227, by the Rules Committee by request of the Legislative Budget and Audit Committee. Designates certain programs in the Dept. of Health & Social Services for legislative review. Terminates the following activities and programs of the Dept. of Health & Social Services funded in the FY 81 budget:

--Activities and programs funded under the "homemaker services" and "adult supportive services" allocation of the program services appropriation (Sec. 51, p. 26, lines 10 & 18, Ch. 120, SLA 1980).

--Activities and programs funded by the Alaska Psychiatric Institute appropriation (Sec. 51, p. 36, line 14, Ch. 120, SLA 1980).

--Activities and programs funded by the State Health Planning and Development Agency appropriation (Sec. 51, p. 35, line 24, SLA 1980).

--Activities and programs funded by the information systems appropriation (Sec. 51, p. 35, line 21, Ch. 120, SLA 1980).

--Activities and programs funded by the holistic health project (Sec. 53, p. 75, line 13, Ch. 120, SLA 1980).

--Activities and programs relating to institutional care of juveniles funded by the appropriation for institutional care (Sec. 51, p. 27, line 11, Ch. 120, SLA 1980).

Terminations are effective July 1, 1982.

Introduced March 2 and referred to State Affairs.

Property Tax
(partial ex-
emption)

SENATE BILL NO. 228, by Senators Ferguson and Stimson. Exempts from municipal property taxation "the real property owned and occupied as a permanent place of abode by a resident, not exceeding \$85,000 in value." (Amends AS 29.53.020(a), Required Exemptions.) Amends AS 29.53.020(e) (exemption for residents over 65) to exempt from taxation the real property "which exceeds the exemption granted by (a)(9) of this section [\$85,000]." Thus bill allows all residents a property tax exemption for up to \$85,000 worth of property (used as permanent place of abode) and allows residents who are 65 or over an exemption for the full assessed value. Bill repeals AS 29.53.025(a) which allows municipalities to exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at a regular or special election. Effective January 1, 1982.

Introduced March 3 and referred to Community & Regional Affairs then to Finance.



Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

April 2, 1981
1:30 p.m.

Behrends Bldg.
Juneau

MEMBERS PRESENT: SENATOR FISCHER, CHAIR
SENATOR COLLETTA
SENATOR STIMSON

AGENDA: CSHB 36 (Jud) "An Act relating to the privilege not to disclose sources of information; and providing for an effective date."

SB 93 "An Act relating to the decentralization of the executive branch of the state government; and providing for an effective date."

SB 227 "An Act designating programs and activities for review and termination under AS 44.66; and providing for an effective date."

SB 323 Taken up at evening hearing on this date

Chairman Fischer called the meeting to order at 1:48 p.m. and invited testimony on CSHB 36 (Jud).

Representative Fred Brown, prime sponsor of the original and Chair of the House Judiciary Committee which provided a committee substitute, presented an overview of the bill. Discussion centered around the purpose of the legislation (to extend the conditional privilege not to disclose sources of information now enjoyed by reporters to still and TV news photographers) and on the House Judiciary Committee's determination that no change in Court Rules would be required. There had been some consideration given to changing Rule #501 to prevent a conflict arising between the provisions of the bill and rules governing court procedure under which the privilege is invoked in court. It was determined (and explained in the House Judiciary Committee's letter of intent) that the bill addresses the substantive law which defines when a privilege does or does not exist on the part of a journalist or a public official.

Chairman Fischer interjected that the Alaska Newspaper Association had sent written testimony in support of the legislation, and included some constructive suggestions to correct potential problems in

the language in Section 2; this section would permit a judge to deny privilege merely by finding that withholding testimony or evidence would be "contrary to the public interest".

Chairman Fischer stated that he felt the measure was an important one; he cited the importance of protecting news sources and the freedom of the press in order that the public should have adequate information. He suggested that notes of reporters, computer tapes and "any other documentation of news stories should also be protected.

Rep. Brown stated that the AG's office had described the language of the bill as both expanding and limiting. It is not clear from the language in the bill exactly what is meant by materials gathered while one is "acting in the course of his duties as a reporter".

Committee members determined that the definition of "reporter" should be expanded to include camera operators, production crews, editors and publishers of news organizations. Chairman Fischer recommended a letter of intent accompany the bill to reference House findings, and that a committee substitute be drafted which would reflect discussion at the hearing.

SB 193

Senator Parr, prime sponsor of Senate Bill 93, provided testimony in support of the measure, intended to address the problem of over-centralization of state functions. The bill requires decentralization and requires that regional/local offices be established so that only 15% of the state employees would be working in the capital. Enactment of the measure would promote decentralization of the decision making process in addition to personnel. The location of the capital, he stated, was not applicable to the bill. In response to the question, "What kinds of obstacles have you run into, what opposition?" Senator Parr stated that it was regarded by some people as a "pro-move" bill; if fully implemented it would considerably reduce the number of state employees in Juneau. A safeguard mechanism in the bill is gubernatorial approval of the plan.

Chairman Fischer suggested that state agencies be asked to respond substantively to the proposed legislation; it needs to be determined where employees are located in the state, where the decision making process takes place and a game plan needs to be developed for decentralization.

Senator Parr knew of no agency offhand which now meets the intention of the bill.

SB 227

Senator Sturgulewski, chair of the Legislative Budget and Audit Committee, provided testimony on this legislation, which falls in the category of "sunset legislation". She outlined the process

and purpose of sunset review, and stated support for the concept of having the ability to critically review a program.

Senator Colletta stated that programs could not be reviewed in this manner unless one took the position of considering terminating the program, thus forcing one to take positive action (by recreating a worthwhile program). He stated support for the measure.

Senator Fischer stated a need for conducting a policy and performance review of Health and Social Services.

Merle Jensen, of the Division of Legislative Audit, answered questions of Committee members relating to the conduct of audits, including those done on entire departments; one of the more common means of doing this is through a financial compliance audit, which measures compliance with the law in spending and accountability.

Allen Korhonern, of the Department of Health and Social Services, provided committee members with a letter describing the programs and indicated the Department's support of the activity. He declared his willingness to provide information and to work with auditors if the bill becomes law.

Meeting adjourned.

S

B

231

- < SB 231 - ASHA
- < SB 232 - ASHA Older Alaskans housing \$ 10 million
- < SB 233 - ASHA - creating Older Ak housing
- < SB 234 - ASHA handicapped + family
- < SB 235 - ASHA handicapped + family \$ 15 million

~~ASHA Subtotal \$ 25 million~~

- SB 311 C+RA Sr. Cit housing \$
- SB 312 C+RA Sr. Cit housing \$ 16 million

~~C+RA Subtotal \$ 16 million~~

~~Other housing \$ 4 million~~

Total ASHA plus C+RA \$ 41 million

Proposed additional:

- SB 408 - Transfer ASHA to C+RA
- SB 409 - C+RA housing study
- SB 410 - C+RA housing study \$ 450,000

Total passed out + proposed \$ 41,450,000

13-19-81 - AGHA - 2

233 - construction - not operation

Audrey Davis - Independent Options Plan,
meet needs of phys. disabled

Needs for hsp for phys. dis. - 40 in each

- barrier-free hsp

- low-income

- low-interest purchase for owner-occup.

- need for hsp res & liason person

→ guarantee # units for handic

→ define "handicapped"

→ prov pers. to deal w/ phys.

→ allot barrier-free units to handic,
- sep. phys from ment. disabled

→ set aside in all AGHA housing.

3-19-81

ASHA bills

Askins

- outlook for future federal funds.
 - adults who can be capable of appropriate facilities -
- scope of work -
 - ASHA housing
 - sep. entities
 - other non-profits

Jim Crawford

ASHA - sep. corp with Fed partnership

Marine view of state approp.

Why convert of floor for commercial rental space

If receive capital funds - ~~will~~
 will? might undertake statewide
 survey of senior cit & handic. age
 \$ equit

3/19 - 3

Dr David Spence HxSS

→ Age appropriate housing

3-24-81

Marie Matsuno -
Louise Crane, Senior Hosp Hsg Admin.

Hosp asstce division

units of hosp.

400 units
- monie,

14	40	215
7,500,000		
66	\$150,000/unit	

applic. don't want
do ~~the~~ fed. funds

- what incentive to use.

~~21,000,000~~
50,000

~~Place~~

ASHA - 3,300 for hosp.
285 or hosp

Jim Crawford

ASHA goes into ~~off~~ for-exempt
bonding market + then would
use appr. funds to supplement.

(2)

~~Alta~~ - long-term feasibility

Need of seniors -

- lock in on long-term contracts?

\$ 15mm → 400-500(?) units of sr. ci. hsq.

\$ 2 1/2 in prog for Vasilla

\$ 1 subsidy

\$ 50mm - June - private.

Done^{M.} Call -

\$ 2mm - 20 unit facility → June an
subsidize rest to 1/4 of income services for
supportive & restorative services for
→ HHS - services for complex housing
- supportive & auxiliary services

(3)

Family & handicapped.

25-30 units for each —

1/2 * 1/2 - family/handic.

ACHA - construction expertise.

↳ interest in building w/af.

Original sponsors: Rodey, Ferguson,
Fischer, et al

Funding Information

General Fund	\$5,000,000
Other Funds	-0-
	<u>\$5,000,000</u>

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 PROPOSED

CS FOR SENATE BILL NO. 312 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Community and Regional Affairs, senior citizens
8 housing development fund, to develop senior citizen
9 housing; and providing for an effective date."

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

11 * Section. 1. The sum of ^{16,000,000}~~\$5,000,000~~ is appropriated from the general
12 fund to the Department of Community and Regional Affairs, senior citizens
13 housing development fund (AS 18.54.070), to develop senior citizen housing.

14 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).

STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811

March 31, 1981

Jim Crawford
Deputy Executive Director
Alaska State Housing Authority
P.O. Box 80
Anchorage, Alaska 99510

Dear Mr. Crawford:

We have reviewed your letter, dated March 9, 1980, commenting on our letter of February 23, 1980 to the Legislative Budget and Audit Committee. Your remarks are thought provoking indeed but, we think, not precisely pertinent to the subject addressed in our letter.

For example, with regard to the time period allowed ASHA to decide on dissemination of federal funds, you cite a letter from HUD calling for a decision in five days. The HUD allocations referred to are for existing housing units and rebuilding of low-income housing units. Neither of these require new construction of units, which is the main purpose of your request for the two \$15 million funds.

The recommendation in our audit report, and subsequent letter, described a federal allocation for construction of 130 new units of family housing which was lost due to construction bids which exceeded available funds. We maintain ASHA could have sought additional funds through a budget request to the Legislature, since, according to HUD correspondence dated August 18, 1977, the federal allocation was reserved for ASHA from January 1973 through June 1977, at which time it was cancelled. We believe four years should have been sufficient for ASHA to obtain supplementary funding for this project and similar projects in the future.

Moreover, during that same time period, two elderly housing projects received HUD allocations but could not be started because of insufficient funds to cover high construction

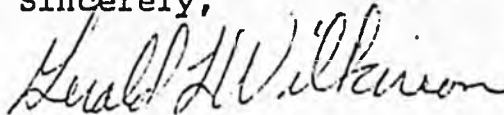
Jim Crawford
March 31, 1981
Page 2

bids. ASHA, however, was able to proceed with assistance from the Senior Citizens Housing Development Fund established by the Legislature in 1976.

Although not funded, the Housing Development Revolving Loan Fund, created at the same time as the Senior Citizens Fund, is a practical vehicle for ASHA to obtain funds to cover shortfalls in federal allocations. From the point of view of efficient cash management, these funds are preferred over creating new funds outside the State Treasury totalling \$30 million. They are subject to Legislative appropriation as well as remaining in the State Treasury until disbursement by ASHA.

We therefore reaffirm our position that separate funds within ASHA are not necessary for new construction allocation shortfalls. Funding vehicles currently exist which can be utilized within the time period HUD allocations are available.

Sincerely,



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

cc: Senator Arliss Sturgulewski ✓

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT



April 10, 1981

The Honorable Arliss Sturgulewski
Chairman
Legislative Budget and Audit
Pouch V
Juneau, Alaska 99811

Dear Arliss:

Enclosed is my response to Gerald Wilkerson's letter which I received on April 6, 1981. Though I do not want to have an on-going correspondence, I did feel his letter required a clarification of some material errors.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

A handwritten signature in cursive script, appearing to read "Jim", is written over the typed name.

James M. Crawford
Deputy Executive Director

JMC:th
Encl.



April 9, 1981

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
Alaska Office Building
Pouch W
Juneau, Alaska 99811

Dear Mr. Wilkerson:

I have enclosed one more copy of the HUD letter you questioned in your March 31, 1981 letter. If you carefully read the enclosure, you will note that allocations are designated under the following categories: New/Substantial Rehabilitation, New, Existing, Indian Housing, Low Income Public Housing (New). The "New" stands for new construction. Upon reflection and review of the said letter, I am certain you will agree that your statement "the HUD allocations referred to are for existing housing units and rebuilding of low income housing units" is patently erroneous. Of the 947 units allocated, 778 or 82% are for new construction.

Your statements concerning the length of time ASHA has to seek additional funding as noted in your example of the 1973 through 1977 years ignores one subtle change in the federal funding system, i.e., the Reagan administration. Presently, a 50% recission of funds is in effect in addition to the complete obliteration of the Indian Housing Program. I concur that four years was certainly adequate time for ASHA to approach the legislature for funds for the Juneau and Ketchikan projects. During the subject period, however, ASHA was refused even the introduction of a capital funding bill as noted in your special review of Marine View:

"ASHA management sought opinions from legislators and administration officials. There was general agreement that such a "bail out" of a housing project could set a dangerous precedent. Another factor considered was the appearance that Juneau would be receiving an inordinate share of assistance over other communities. As a result of the above considerations, a bill appropriating \$4.6 million for the purpose of retiring debt was drafted, but never introduced."

In the face of that statement in your own audit report, how you can conclude that ASHA should have gone to the legislature for additional funding for a specific project in Juneau or Ketchikan is beyond me.



Mr. Gerald L. Wilkerson, CPA

-2-

April 8, 1981

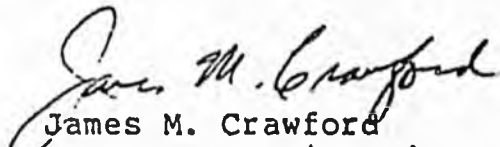
I concur that the Housing Development Revolving Loan Fund may be an appropriate vehicle for ASHA to obtain funds to cover shortfalls in federal allocations. In the event the Loan Fund received an appropriation and did not have the present restrictive requirements of national market rates dictated by SB 315 in the last session, it could work. From the point of view of efficient cash management and maximum program efficiency, the allocation of funds to ASHA without the State Treasury holding those funds until disbursement to a specific project will result in greater housing production. Under ASHA investment policies, the corpus of the fund plus investment earnings would accrue to the production of housing. The efficiency of coordinating shortfall financing and pre-sale of tax exempt bonds to lock in long term project costs is a consistent and appropriate goal for this organization as it might well be for the State of Alaska.

I am not really certain what paranoia prevails which motivates you to continue your attack on the administration of housing funds by an organization with expertise in housing, i.e., ASHA. Please let me assure you that our efforts and suggestions for capital funding merely recognize the reality of today-without capital funds, ASHA nor the Regional Housing Authorities will be in a position to respond to our legislative mandate: To provide decent, safe and sanitary housing for low and moderate income seniors, veterans, families and handicapped.

After three separate audits last year with no material findings, I feel comfortable in ASHA's capability of efficiently and effectively handling State funds for housing. As one of our auditors and in view of your reports, I would think you would concur.

Sincerely,

ALASKA STATE HOUSING AUTHORITY


James M. Crawford
Deputy Executive Director

JMC:gd

cc: Senator Arlis Sturgulewski
John B. Curtis, Executive Director
ASHA Board Members

Encl.

STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE
BUDGET AND AUDIT COMMITTEE

RECEIVED
JUNEAU, ALASKA 99801
ASHA

March 31, 1981

APR 6 '81

Jim Crawford
Deputy Executive Director
Alaska State Housing Authority
P.O. Box 80
Anchorage, Alaska 99510

Route	EX
Route	DEX
Route	
File	

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Moreover, during that same time period, two elderly housing projects received HUD allocations but could not be started because of insufficient funds to cover high construction

bids. ASHA, however, was able to proceed with assistance from the Senior Citizens Housing Development Fund established by the Legislature in 1976.

Although not funded, the Housing Development Revolving Loan Fund, created at the same time as the Senior Citizens Fund, is a practical vehicle for ASHA to obtain funds to cover shortfalls in federal allocations. From the point of view of efficient cash management, these funds are preferred over creating new funds outside the State Treasury totalling \$30 million. They are subject to Legislative appropriation as well as remaining in the State Treasury until disbursement by ASHA.

We therefore reaffirm our position that separate funds within ASHA are not necessary for new construction allocation shortfalls. Funding vehicles currently exist which can be utilized within the time period HUD allocations are available.

Sincerely,



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

cc: Senator Arliss Sturgulewski



March 9, 1981

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
The Alaska Legislature
Pouch W-Alaska Office Building
Juneau, Alaska 99811

Dear Mr. Wilkerson:

Please consider this letter a response to your February 23, 1981 letter to members of the Legislative Budget and Audit Committee which was published in the final report on audit of the Alaska State Housing Authority (ASHA). It is unfortunate that ASHA was not consulted prior to publishing the letter since your interpretation of ASHA's suggestions for legislation could materially damage the construction of senior, family and handicapped housing within the State of Alaska.

Your interpretation of ASHA's suggestions for legislation may be appropriate for an agency which is not impacted by the exigencies of the bond market and the availability of federal funds. In ASHA's case, however, your suggestion for a case by case authorization of primarily federally funded housing would substantially delay the entire process.

Attached is a letter from John Duffy, Anchorage Area Office Manager, United States Department of Housing and Urban Development. You will note that notification of the availability of funds was published in the Federal Register on January 15, 1981. You will further note that the February 26, 1981 letter from Mr. Duffy requests a response from ASHA on dissemination of those funds within five days. I point this out in response to your inaccurate statement to the Legislative Budget and Audit Committee contained in your February 23 letter, "Federal funds allocated to ASHA need not be committed immediately. There is sufficient time during each grant period, or through grant extensions, to permit subsidy requests to go through the review process."

After notification of potential funds by HUD, ASHA within a very short period of time must develop a project, cost it out and find interim and long term financing. The determination of a gap in the short or long term financing (subject to swings in the bond market) is a critical component in the financial feasibility of proceeding with a project. Your suggested course of action



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implies that after determination of a gap in March, ASHA would then go to the legislature for the shortage in construction funding. Unless you are suggesting supplemental appropriation which could be available immediately, budgeted capital funding would be then potentially available on July 1 of each year, but more likely available in August or September. The reality of dealing with HUD funding on a project is that HUD by that late date would have recaptured the funds and redistributed them to housing authorities without the onerous time constraints you suggest.

In any project which ASHA or the regional housing authorities are involved, a community's leadership requests assistance and passes a resolution of cooperation prior to a need survey and thereafter preapplication to HUD for an allocation. The delay or loss of congressionally or legislatively mandated assistance to Alaska's seniors, handicapped or low income needy in order to provide for a case by case scrutiny of projects would have a materially damaging impact on construction of federally assisted housing in Alaska.

It comes as a particular surprise that auditors of the Division of Legislative Audit, with your apparent approval, would recommend, among other methods, direct state appropriation since you apparently are personally opposed to that course of action. ASHA's suggestions for legislation were made in a positive manner to counter the construction shortfalls, bond market vagaries, delays and potential loss of federal funds presently inherent in our attempts to construct needed housing primarily with federal dollars.

Flexibility and timeliness are primary reasons for the creation of capital funds. Our construction activities are tied directly to the availability of federal funding and must be completed within Alaska's short construction season. Our efforts, as



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illustrated by the proposed legislation, are to speed the construction of needed housing within the state. It would seem appropriate that you might consider the courtesy of discussing such a proposal prior to its formalization in order to impartially assess the impact upon housing.

Sincerely,

ALASKA STATE HOUSING AUTHORITY

James H. Crawford
Deputy Executive Director

JMC:mrw

cc: Members of the Board
John B. Curtis, Executive Director