

ALASKA LEGISLATURE COMMITTEE FILES 1983-1984

2955

HSA

HB 210

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HB 249

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IV. ANALYSIS

The Department of Administration is opposed to this Legislation, not because we disagree with the idea of the State paying its bill in a timely manner, but because we feel there are better ways to address this problem. In determining the fiscal impact on mandatory payment of interest, it is impossible to place a definite dollar amount for the cost. Many items must be taken into consideration.

First, in order to calculate what the interest cost would be, a detailed analysis would be necessary to determine what the dollar amount of bills paid in excess of 30 days might be. Readily available information does not exist. However, to show what the potential impact might be, we offer this example, making a number of assumptions.

On the assumption that the State annual budget is \$3.0 billion and that 50% of that budget represents vendor payments effected by this legislation. Further we assume that 5% of the vendor payments might be subject to penalty as defined in the Legislation. Based on these assumptions, the interest penalty could be as high as \$1,125,000.00.

Calculated as follows:

\$3,000,000,000.00	Annual Budget
X 50%	
<hr/>	
\$1,500,000,000.00	Potential Vendor Payments
X 5%	
<hr/>	
\$ 75,000,000.00	5% Subject to Penalty
X 0.15%	
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<u>\$ 1,125,000.00</u>	Interest Penalty for Bills Paid in Excess of 30 Days.

The preferable way to avoid penalty payments is to pay vendors within the 30 day period. This is and always has been the goal of the Department of Administration. The only effective way of doing this is either to divert current staff of the various State agencies to the effort of paying bills timely or to develop the agencies internal procedures and the Department of Administration's automated systems in order to address the payment problem. The cost to the State in providing additional staff or a bill paying effort that would pay all bills within 30 days using the current system has not be determined. The Department of Administration is currently in the process of

redesigning the statewide accounting system which will include features that will improve the bill paying and tracking capabilities of the State.

While we recognize the problem of paying vendors in a timely manner is a serious matter, we should point out that for the most part, vendors are paid timely. For a 12 month period, the State paid on the average of 70,200 invoices a month. During that time, the average payment time was 29 days. The high monthly average was 33 days while the low monthly average was 24 days. During this period, only two months exceeded 30 days payment time.

In addition to the costs of attempting to improve the payment time and the potential interest penalties, we should also consider the cost of increased bureaucracy that would be involved in determining what payments would be subject to penalty, what period of time would be covered, as well as the logistics of making the interest payments, all of these would be costs to the State in time and effort.

Lastly, it should be noted that the funding of the interest payments would need to be 100% State funds. We have been advised by the U.S. Office of Management and Budget that the Prompt Payment Act (P.L. 970177) prohibits the use of Federal grant funds for the agencies that are primarily federally funded. (Copy of OMB letter attached)

Again, we are not opposed to timely payment of vendor bills but are concerned with the method of achieving that goal.

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The Teachers' Retirement System (TRS) was established in an attempt to encourage teachers to come to Alaska. A liberal system which required only 20 years of service in order to retire with full benefits was necessary in order to convince teachers to remain in the state. Times have changed. School Districts no longer have to go begging to obtain qualified teachers. In fact, many districts have long lists of eligible teachers waiting to apply for positions.

Under current law only peace officers, firefighters, and teachers may retire after only 20 years of service. Peace officers and firefighters are acknowledged as hazardous occupations. Youth and good physical condition are required to safely perform these duties. Teachers are not subject to the same hazardous conditions and life-threatening situations.

The Teachers' Retirement System is one of the most generous provided by the State. Teachers receive credit for unused sick leave while other public employees do not. Teachers serve only 172 days each school year but receive credit for an entire year's service. Teachers' salaries are among the highest received by any public employees.

The circumstances have changed since the Teachers' Retirement System was first enacted. It is no longer necessary to allow teachers to retire after serving only 20 years. The state can no longer afford to allow teachers to retire with full benefits while only 40 to 45 years of age. Teachers, like other public employees, should not be eligible to retire with full benefits until they have served 30 years or reached age 55.

Other states are not so generous. Below is a summation of the requirements some states impose on teachers to retire with full benefits:

COLORADO

Teachers may retire at age 55 after 30 years of service.
Teachers may retire at age 60 after 20 years of service.
Teachers may retire at age 65 if vested.

CALIFORNIA

Teachers may retire before age 55 after 30 years of service.
Teachers may retire at age 55 if vested.

IDAHO

Teachers may retire at age 60 after 30 years of service.
Teachers may retire at age 65 if vested.

Teachers may retire at any time after age 55 if the total years of service plus age is greater than 90.

TEXAS

Teachers may retire at age 65 after 10 years of service.
Teachers may retire at age 60 after 20 years of service.
Teachers may retire at any age after 30 years of service.
Teacher may retire at any time before age 60 if the total years of service plus age is greater than 95.

WASHINGTON

Teachers may retire at age 55 after 25 years of service.
Teachers may retire at any age after 30 years of service.
Teachers may retire at age 60 if vested.

COMPARISONS

	<u>PERS</u>	<u>TRS</u>
Employee Contributions	4 1/4%	7%
Employer Contributions	13.66%	15.74% (State pays half)
Earnings on Contributions	4 1/2%	4 1/2%
Other Creditable Service	Military (5 yr max), Territorial (No max) & Certain Temporary (No max)	Outside Service (10 yr max)*, Military (5 yr max)*, Alaska BIA (15 or 5 yr max)* & Territorial (5 yr max)
Salary Used to Compute Indebtedness for Military	5th Year Salary**	Entrance Salary
Vest (Membership Service)	5 Years (paid-up)	8 Years (paid-up)(can be 3 yrs BIA)
Retirement Age	50 Early & 55 Normal Exceptions: (1) 20 yrs Peace Officers-any age (2) 30 yrs PERS-any age	50 Early & 55 Normal Exceptions: (1) 20 yrs membership service-any age (2) 25 yrs combined membership and outside service-any age
Benefit Formula	2% x Years of Service***	2% x Years of Service
Benefit is Based on a % of	Average of Three Highest Consecutive Calendar Years	Average of the Three Highest Contract Salaries
Additional Benefits	Free Medical (80%) plus Optional Audio-Dental-Visual	Free Medical (80%) plus Optional Audio-Dental-Visual
Cost of Living Adjustments	Ad Hoc PRPA's (max 4%)	Ad Hoc PRPA's (max 4%)
Year of Service Credit	365 Days	172 Days
Funded	Actuarially	Actuarially
Number of People on Retirement	2,688	1,374
Average Monthly Benefit	\$620.00	\$1130.00
Eligibility for Disability	5 Years of Membership	1 School Year (172 Days)
Reduced Benefits for Indebtedness	Yes	Yes
Credit for Unused Sick Leave	No	Yes
Survivor Benefits	75, 66, 50% with a reduced benefit	Pay 1% of earnings--full benefit and spouse receives 50%

* Total of these cannot exceed 15 years

** Must be vested to claim

*** Peace officers receive 2 1/2% x all service over 10 years

I. REQUEST

Bill/Resolution No.: House Bill 213
 Title: An act relating to PERS, TRS & JRS
 Sponsor: M. M. Miller
 Requestor: _____

II. FISCAL DETAIL

Agency Affected: Administration
 Program Category Affected: Admin. Svcs.
 BRU, Program of Subprogram(s) Affected: Retirement & Benefits

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES			51,523.6	67,556.8	23,423.6	90,103.1
200 TRAVEL						
300 CONTRACTUAL		80.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC			33,102.8	44,299.4	53,800.9	58,104.9
TOTAL OPERATING		80.0	84,626.4	111,856.2	137,234.5	148,208.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND			80,335.4	106,225.0	130,249.3	140,664.0
FEDERAL FUNDS			2,056.1	2,698.3	3,347.1	3,614.8
*OTHER (Specify Source)			2,234.9	2,932.9	3,638.1	3,929.2
PERS/TRS		80.0				

*4% Veterans; 12% Fish & Game; 26% Highways; 58% Airport

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: J. K. Humphreys, Director
 Division: Retirement & Benefits

Phone: 465-4460
 Date: 03/22/83

Approved by Commissioner: Lisa Rudd, Commissioner
 Department: Administration

Date: 03/22/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

3/8/83

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 213
 Title An Act Relating to Public Employees', Judicial, and Teachers' Benefits
 Requested by _____ Date _____

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS			5,930.5	7,936.3	9,638.6	10,409.7
200 TRAVEL						
300 CONTRACTUAL		40.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
700 STATE TRS MATCHING			33,102.8	44,299.4	53,800.9	58,104.9
TOTAL		40.0	39,033.3	52,235.7	63,439.5	68,514.6

FUNDING (Thousands of Dollars)

GENERAL FUND			39,033.3	52,235.7	63,439.5	68,514.6
FEDERAL FUNDS						
*OTHER FUNDS:						
PERS						
TRS						

* 4% Veterans; 12% Fish & Game; Highway; 58% Airport

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

1. The TRS contribution rate must be increased by 16.97% in FY 85; 21.03% in FY 86; and 23.66% in FY 87. The TRS contribution rate is split 50/50 between the state and the school districts.
2. Estimate the FY 85 TRS payroll to be \$389,904,000.
3. The cost to school districts is estimated to be \$27,172,400 in FY 85; \$36,363,000 in FY 86; and \$44,162,400 in FY 87.

INFORMATION PURPOSES ONLY

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 213

Title An Act relating to Public Employees', Judicial, and Teacher's Benefits

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits

Program Category Affected Centralized Administrative Services

BRU, Program, or Subprogram(s) Affected Retirement & Benefits

(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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS			44,698.3	58,658.6	72,761.0	78,581.9
200 TRAVEL		40.0				
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
700 STATE TRS MATCHING						
TOTAL		40.0	44,698.3	58,658.6	72,761.0	78,581.9

FUNDING (Thousands of Dollars)

GENERAL FUND			40,407.3	53,027.4	65,775.8	71,037.9
FEDERAL FUNDS			2,056.1	2,698.3	3,347.1	3,614.8
*OTHER FUNDS:			2,234.9	2,932.9	3,638.1	3,929.2
PERS		40.0				
TRS						

* 4% Veterans; 12% Fish & Game; 26% Highway; 58% Airport

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

1. The state PERS payroll contribution rate must be increased by 9.53% in FY 85; 11.58% in FY 86; and 13.30% in FY 87.
2. Estimate the FY 85 state PERS payroll to be \$469,028,800.
3. The cost to political subdivisions is estimated to be \$32,894,300 in FY 85; \$43,167,900 in FY 86; and \$53,546,000 in FY 87.

INFORMATION PURPOSES ONLY

(Revised)

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 213

Title An Act Relating to Public Employees', Judicial, and Teachers' Benefits

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits

Program Category Affected Centralized Administrative Services

BRU, Program, or Subprogram(s) Affected Retirement and Benefits (JRS)

(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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS			894.8	961.9	1,034.0	1,111.5
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
700 STATE TRS MATCHING						
TOTAL			894.8	961.9	1,034.0	1,111.5

FUNDING (Thousands of Dollars)

GENERAL FUND			894.8	961.9	1,034.0	1,111.5
FEDERAL FUNDS						
OTHER FUNDS						
PERS						
TRS						

* 4% Veterans; 12% Fish & Game; 26% Highway; 58% Airport

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

1. The JRS contribution rate must be increased by 23.76% in FY 85.
2. Estimate the FY 85 JRS payroll to be \$3,766,000.

INFORMATION PURPOSES ONLY

(Revised)

HB 213

AS 14.20.345

Education.
CHAPTER 20.
Teachers and School Officials.
ARTICLE 4.
Sabbatical Leave.

CITATION Sec. 14.20.345.
CATCH LINE

LEAVE OF ABSENCE WITHOUT PAY.

TEXT (a) A teacher may be granted a leave of absence without pay for the purposes which may be approved by the governing body of the district if

(1) the teacher's application is approved by the governing body of the district; and

(2) the teacher agrees to return to employment in a public school not later than the beginning of the school year following termination of the period for which the leave of absence was granted.

(b) A leave of absence is not an interruption of the continuous service necessary to attain or retain retirement or tenure rights according to AS 14.20.150, 14.20.155, or 14.20.160. However, the time spent on leave of absence may not be counted in determining when a teacher has sufficient service to enable the teacher to acquire retirement or tenure rights.

(c) The leave of absence is not a break in service for retirement purposes.

(d) The governing body of the district may agree to continue the teacher's retirement contributions if the teacher agrees to pay the required seven per cent of the salary the teacher would have received during the leave of absence and reimburse the district for the district's required retirement contribution. Each year of leave of absence then would count as a year of retirement service.

(e) The governing body of the district may advance the teacher on the district salary schedule when the teacher returns to employment if the governing body determines that the teacher's leave of absence was educationally or professionally beneficial to the teacher or the district.

(f) A teacher may make contributions to the retirement fund for each year or portion of a year of leave of absence taken. The contribution shall include the required per cent of the salary the teacher would have received had the leave of absence not been taken, plus the required employer and state contributions that would have been made. Compound interest at the rate prescribed by regulation shall be added as computed from the beginning date of the leave of absence to the date the

teacher pays the contribution.
HISTORY (Sec. 5 ch 104 SLA 1965; am secs. 33, 34 ch 98 SLA 1966; am sec.
1 ch 44 SLA 1971; am sec. 1 ch 184 SLA 1972; am sec. 2 ch 99 SLA
AS 14.25.050

Education.

CHAPTER 25.

Teachers' Retirement.

CITATION Sec. 14.25.050.

CATCH LINE

CONTRIBUTIONS BY TEACHERS.

TEXT (a) Beginning July 1, 1970, each teacher shall contribute to
the retirement fund an amount equal to seven per cent of the
teacher's base salary accrued from July 1 to the following June
30. The contribution shall be deducted by the employer at the
end of each payroll period.

(b) Each teacher is entitled to receive credit for
unrefunded contributions paid into the retirement fund of 1945.

HISTORY (Sec. 6 ch 145 SLA 1955; am sec. 4 ch 89 SLA 1960; am sec. 3 ch
78 SLA 1962; am sec. 1 ch 84 SLA 1969; am sec. 1 ch 138 SLA 1970;
am sec. 1 ch 128 SLA 1977)

Education.
CHAPTER 25.
Teachers' Retirement.

CITATION Sec. 14.25.060.

CATCH LINE

ARREARAGE INDEBTEDNESS.

TEXT

(a) If a member has military service or Alaska Bureau of Indian Affairs (BIA) service, or if a member joined the system before July 1, 1978, and has creditable outside service, the member is indebted to the retirement fund as follows:

(1) At the time of first becoming a member of the system, the arrearage indebtedness is seven percent of the base salary multiplied by the total number of years of creditable outside, military and Alaska BIA service. Compound interest at the rate prescribed by regulation shall be added to the arrearage indebtedness beginning July 1, 1963, or at the time of first becoming employed as a member, whichever is later, to the date of payment or the date of retirement, whichever occurs first.

(2) If a member terminates from the system and is subsequently reemployed as a member, the arrearage indebtedness to the retirement fund for outside, military, or Alaska BIA service accumulated in the interim is seven percent of the base salary upon reentering membership service, multiplied by the number of years of interim outside, military, and Alaska BIA service. Compound interest at the rate prescribed by regulation shall be added to the arrearage indebtedness beginning July 1, 1963, or the date of reemployment as a member, whichever is later, to the date of payment or the date of retirement, whichever occurs first.

(b) If a member joins the system on or after July 1, 1978, and has creditable outside service, the member may claim this service. If claimed, the member is indebted to the retirement fund as follows:

(1) The arrearage indebtedness is the full actuarial cost of providing benefits for the service being claimed. Compound interest at the rate prescribed by regulation shall be added to the arrearage indebtedness beginning the date the actuarial cost is established to the date of payment or the date of retirement, whichever occurs first.

(2) If a member terminates from the system and is subsequently reemployed as a member, the arrearage indebtedness for outside service during the interim is the full actuarial cost of providing benefits for the interim service being claimed. Compound interest at the rate prescribed by regulation shall be added to the arrearage indebtedness beginning the date the actuarial cost is established to the date of payment or the date of retirement, whichever occurs first.

(3) Repealed by sec. 75 ch 137 SLA 1982.

(c) The total military service claimed may not exceed five years. The combined total of outside and military service may

not exceed 10 years, except that, if entry into the armed forces is immediately preceded by membership service and within one year after discharge is continued by membership service, that service will not be counted for purposes of determining the applicability of the 10-year limitation on the combined total of outside and military service.

HISTORY (Sec. 7 ch 145 SLA 1955; am sec. 3 ch 142 SLA 1957; am sec. 5 ch 89 SLA 1960; am sec. 2 ch 86 SLA 1963; am sec. 11 ch 70 SLA 1964; am secs. 3, 4 ch 151 SLA 1966; am sec. 2 ch 76 SLA 1968; am secs. 3, 4 ch 138 SLA 1970; am sec. 3 ch 66 SLA 1973; am sec. 3 ch 128 SLA 1977; am sec. 14 ch 136 SLA 1978; am secs. 6, 7 ch 13 SLA 1980; am secs. 5, 75 ch 137 SLA 1982)

AS 14.25.110

Education.

CHAPTER 25.

Teachers' Retirement.

CITATION Sec. 14.25.110.

CATCH LINE

RETIREMENT BENEFITS.

TEXT

(a) A member is eligible for a normal retirement benefit if the member

(1) was first hired before July 1, 1975, has attained the age of 55 years, and has at least 15 years of credited service, the last five of which have been membership service;

(2) has attained the age of 55 years and has at least eight years of membership service;

(3) has attained the age of 55 years, has at least five years of membership service, and has at least three years of Alaska BIA service;

(4) has at least 25 years of credited service, the last five of which have been membership service;

(5) has at least 20 years of membership service; or

(6) has at least 20 years of combined membership service and Alaska BIA service, the last five of which have been membership service.

(b) A member is eligible for an early retirement benefit upon completing any one of the service requirements in (a)(1), (2), or (3) of this section and attaining the age of 50 years.

(c) The burden is on the applicant to prove eligibility for retirement benefits to the full satisfaction of the administrator.

(d) The monthly amount of a retirement benefit for a member who has paid the full amount of any indebtedness is two percent of the member's average base salary during any three school years of membership service times the years of credited service,

including credited fractional years, divided by 12. An actuarial adjustment must be made for early retirement.

(e) The monthly amount of a retirement benefit must be determined in accordance with (d) of this section as it is in effect on the date of termination of the retiring member's last segment of employment.

(f) The annual amount of retirement benefits for a retiring member who was a member of the retirement system established by the Retirement Act of 1945 may not be less than \$975 plus 10 percent of the total contribution made by the member to the retirement fund of 1945.

(g) A member who is eligible for a service retirement salary under this chapter or under the Retirement Act of 1945 is entitled to a benefit of at least \$25 per month for each year of credited service, excluding adjustments made under AS 14.25.142 or 14.25.143. If the member elected option two under AS 14.25.063(b)(2) for payment of any indebtedness when the member initially applied for a retirement benefit, or if the member elected to receive an early retirement benefit under (b) of this section, the resulting benefit reduction continues in effect.

(h) The monthly retirement benefit for a member who was receiving a retirement benefit on July 1, 1955, is \$50 a month if the member was at least 55 years of age on July 1, 1955.

(i) Benefits payable under this section accrue from the first day of the month after which all of the following requirements are met: (1) the member meets the eligibility requirements of this section; (2) the member terminates employment; and (3) the member applies for retirement. Benefits are not payable under this section during a school year in which credit for a full year of service is granted. The benefits are payable the last day of the month. If payment is delayed, a retroactive payment must be made for the month in which a benefit is payable under this section. The last payment shall be for the month in which the member dies or is no longer eligible for a benefit under this section.

HISTORY (Sec. 12 ch 145 SLA 1955; am sec. 4 ch 142 SLA 1957; am sec. 9 ch 89 SLA 1960; am sec. 4 ch 86 SLA 1963; am sec. 6 ch 151 SLA 1966; am sec. 2 ch 85 SLA 1971; am sec. 8 ch 66 SLA 1973; am sec. 1 ch 77 SLA 1973; am sec. 2 ch 57 SLA 1974; am secs. 1 - 3 ch 173 SLA 1975; am sec. 5 ch 169 SLA 1976; am sec. 14 ch 13 SLA 1980; am sec. 2 ch 146 SLA 1980; am sec. 9 ch 137 SLA 1982)

AS 14.25.125

Education.
CHAPTER 25.
Teachers' Retirement.

CITATION Sec. 14.25.125.

CATCH LINE

CONDITIONAL SERVICE RETIREMENT BENEFITS.

TEXT (a) A member is eligible for a normal retirement salary at age 55 with at least two years membership service if the member also is eligible for a normal retirement benefit under the public

employees' retirement system (AS 39.35).

(b) A member is eligible for an early retirement salary at age 50 with at least two years of membership service if the member also is eligible for an early retirement benefit under the public employees' retirement system (AS 39.35).

(c) Membership service for which contributions were refunded is not creditable under this section unless the refunded contributions have been repaid. For purposes of this section, a member or former member does not have to be reemployed under this system in order to repay refunded contributions. Compound interest at the rate prescribed by regulation must be added to the reinstatement indebtedness from the date of the refund to the date of repayment.

(d) The monthly amount of a conditional service retirement benefit shall be calculated on the years of credited service in accordance with AS 14.25.110(d), except that a member may irrevocably elect to substitute "average monthly compensation" as defined in AS 39.35.680(4) in place of the member's average base salary divided by 12.

(e) Benefits payable under this section accrue from the first day of the month (1) in which the member meets the eligibility requirements of this section, (2) following the date of termination, and (3) following application for retirement, and are payable the last day of the month. If payment is delayed, a retroactive payment shall be made to cover the period of deferment. The last payment shall be made for the month in which the member dies or is no longer eligible for a benefit under this section.

HISTORY (Sec. 2 ch 174 SLA 1978; am sec. 15 ch 13 SLA 1980; am sec. 11 ch 137 SLA 1982)

AS 14.25.143

Education.

CHAPTER 25.

Teachers' Retirement.

CITATION Sec. 14.25.143.

CATCH LINE

POST RETIREMENT PENSION ADJUSTMENT.

TEXT

(a) When the administrator determines that the cost of living has increased and that the financial condition of the retirement fund permits, the administrator shall increase benefit payments to persons receiving benefits under this system.

(b) The amount of the increase in benefit payments may not exceed the lesser of

(1) the increase in the cost of living since the date of retirement; or

(2) four percent of the retirement benefit compounded for each year of retirement.

(c) The administrator shall implement this section by regulation.

(d) A person receiving benefits under this chapter shall be granted a 10 per cent increase in the current base benefit if the

person was receiving benefits on July 1, 1976. The increase shall be effective July 1, 1977.

(e) If at the time of first receiving a retirement benefit a member was receiving a disability benefit, the administrator shall include the time during which the member received the disability benefit in determining the number of years of retirement under this section.

(f) An increase in benefit payments under this section is effective July 1 of the year for which the increase is granted.

HISTORY (Sec. 11 ch 151 SLA 1966; am sec. 5 ch 86 SLA 1971; am sec. 19 ch 66 SLA 1973; am sec. 3 ch 99 SLA 1974; am sec. 7 ch 128 SLA 1977; am sec. 17 ch 13 SLA 1980; am secs. 3 - 6 ch 146 SLA 1980; am sec. 13 ch 137 SLA 1982)

AS 22.25.010

Judiciary.

CHAPTER 25.

Retirement and Death Benefits.

ARTICLE 1.

Justices and Judges.

CITATION Sec 22.25.010.

CATCH LINE

RETIREMENT OF JUSTICES AND JUDGES.

TEXT

(a) A justice or judge shall be retired on the date that the justice or judge reaches the age of 70. A justice or judge is eligible for retirement pay with five or more years of service at the time of retirement as a justice or judge.

(b) A justice or judge may be retired for incapacity as provided by law. A justice or judge is eligible for retirement pay with two or more years of service at the time of retirement for incapacity. The effective date of retirement under this subsection is the first day of the month coinciding with or after the date upon which the governor with respect to a justice, or the supreme court with respect to a judge files with the commissioner of administration a written declaration to the effect that a designated justice or judge was retired for incapacity. A duplicate copy of the declaration shall be filed with the Judicial Council.

(c) A justice or judge who served for a period of five years may file with the governor a written application for retirement which contains a sworn statement of service and a sworn statement of the incapacity of the justice or judge to efficiently perform the judicial duties. When an application is filed, the governor shall appoint a board of three persons to inquire into the circumstances, and may, upon the board's recommendation, retire the justice or judge. The effective date of the retirement shall be as provided in (b) of this section.

(d) A justice or judge may voluntarily retire at any time and shall have a vested right to accrued retirement pay if the justice or judge has served five or more years. Retirement pay shall not commence until the justice or judge has reached age 60; except that an actuarially equivalent retirement pay may be

commenced after the justice or judge has reached age 55 or upon 20 years' service as a justice or judge. The provisions of (b) of this section are an exception to this rule. A justice or judge desiring to retire under this subsection shall file with the governor a notice of that desire, together with a sworn statement of the facts establishing eligibility to retire. The governor shall certify those facts to the commissioner of administration and declare, in writing, the eligibility or ineligibility for retirement of the justice or judge. If a justice or judge is eligible to receive retirement pay at the time of retirement, the retirement pay shall commence on the first day of the month coinciding with or after the date the written declaration of the governor is filed with the commissioner of administration. If a justice or judge is not eligible to receive retirement pay at the time of retirement, the retirement pay shall commence on the first day of the month the justice or judge reaches age 60 or the month the justice or judge becomes eligible for an actuarial equivalent if application was made for this option.

(e) Repealed by sec. 16 ch 83 SLA 1967.

(f) In the computation of service for retirement under AS 22.25.010 - 22.25.070, the time served by a justice or judge of any court is added to the time served, if any, on any other court. All service rendered by a justice or judge, including service as a magistrate or deputy magistrate, before July 1, 1967 shall be included in the computation.

(g) The word "justice" means a supreme court justice, and the word "judge," unless the context clearly indicates otherwise, means a judge of the court of appeals, a superior court judge or district court judge.

HISTORY (Sec. 1 ch 102 SLA 1963; am secs. 6 - 10, 16 ch 83 SLA 1967; am sec. 1 ch 160 SLA 1972; am sec. 2 ch 196 SLA 1976; am sec. 18 ch 12 SLA 1980)

AS 39.35.340

Public Officers and Employees.

CHAPTER 35.

Public Employees' Retirement System of Alaska.

ARTICLE 5.

Service.

CITATION Sec. 39.35.340.

CATCH LINE

MILITARY SERVICE.

TEXT

(a) A vested employee is entitled to credited service for active military service in the armed forces of the United States, either by enlistment or induction, if the employee did not receive a dishonorable discharge. The credited service allowed may not exceed an aggregate period of five years. Benefits are not payable on credited service for military service unless the employee makes retroactive contributions to the system for the period of time that service credit is claimed. However, if the employee was in the employ of an employer on the date of entry

into the armed forces and returned to the employ of an employer within 90 days after the date of his discharge from military service, he is not required to make retroactive contributions under this system for the period of credited service.

(b) In order to obtain credited service under this section, an employee shall make an election to do so and shall verify his period of military service. When eligibility for credited service for military service has been established, an indebtedness shall be determined as follows: (1) the employee's actual compensation, or the calculated annual compensation for those employees working less than 12 months, during the calendar year 1976 or the year in which an employee first becomes vested under this chapter, whichever is later, multiplied by (2) six percent, this product multiplied by (3) the number of years of military service credited under this section. Interest as prescribed by regulation accrues on this indebtedness commencing on July 1, 1977, or one year following the date a person first becomes vested, whichever is later. Any outstanding indebtedness which exists at the time a person is appointed to retirement will necessitate an actuarial adjustment to the benefits payable based upon that military service.

(c) A retired employee on July 1, 1976, is eligible to receive increased benefits based upon military service as described in (a) of this section. To receive credited service for military service, a retired employee must verify his military service. When verified, a retired employee is entitled to receive an increased benefit which shall be actuarially adjusted to reflect his indebtedness for that credit. The indebtedness shall be calculated in the same manner as described in (b) of this section except that it shall be based on the average monthly compensation used in calculating the benefit. The effective date of this increased benefit is the beginning of the month following that in which eligibility has been established.

(d) The credited service granted under this section may not be used to satisfy the credited service requirements for normal retirement.

(e) A deferred vested employee on July 1, 1976, is eligible to claim credited service under (a) of this section. In order to obtain credited service under this section, such an employee must

make an election to do so and must verify his period of military service. When eligibility for military service has been established, an indebtedness shall be determined as follows: the employee's actual compensation, or the calculated annual compensation for those employees working less than 12 months, during the calendar year the employee terminated, shall be multiplied by six percent; this product shall then be multiplied by the number of years of military service credit under this section. Interest as prescribed by regulation accrues on this indebtedness commencing July 1, 1978. Any outstanding indebtedness which exists at the time a person is appointed to retirement will necessitate an actuarial adjustment to the benefits payable based upon that military service.

(f) An employee cannot be credited with a period of active military service in the armed forces of the United States under this section if credit for that military service was granted under AS 14.25.

(g) A surviving spouse receiving or entitled to receive benefits under AS 39.35.420(b), 39.35.430, or 39.35.440 or benefits under a joint and survivor option filed under AS

39.35.450 is eligible to receive increased benefits based on military service as described in (a) of this section. To receive credited service for military service, the surviving spouse must verify the employee's military service. When verified, the surviving spouse is entitled to receive an increased benefit which shall be actuarially adjusted to reflect the indebtedness for that credit. The indebtedness shall be calculated in the same manner as described in (b) of this section except that it shall be based on the average monthly compensation used in calculating the benefit. Benefits payable under this subsection are effective the first day of the month following that in which eligibility has been established.

(h) The combined period of military service claimed under this section and under AS 14.25 may not exceed five years.

HISTORY (Sec. 15 ch 143 SLA 1960; am sec. 1 ch 123 SLA 1976; am sec. 29 ch 128 SLA 1977; am sec. 6 ch 174 SLA 1978; am secs. 31 - 36 ch 13 SLA 1980; am sec. 46 ch 137 SLA 1982)

AS 39.35.385

Public Officers and Employees.

CHAPTER 35.

Public Employees' Retirement System of Alaska.

ARTICLE 6.

Benefits.

CITATION Sec. 39.35.385.

CATCH LINE

CONDITIONAL SERVICE RETIREMENT BENEFITS.

TEXT

(a) An employee is eligible for a normal retirement benefit at age 55 with at least two years of credited service if the employee also is eligible for a normal retirement salary under the teachers' retirement system (AS 14.25).

(b) An employee is eligible for an early retirement benefit at age 50 with at least two years of credited service if the employee also is eligible for an early retirement salary under the teachers' retirement system (AS 14.25).

(c) Credited service for which contributions were refunded is not creditable under this section unless the refunded contributions have been repaid. For purposes of (a) and (b) of this section, a member or former member does not have to be reemployed under this system in order to pay refunded contributions. Compound interest at the rate prescribed by regulation must be added to the reinstatement indebtedness from the date of the refund to the date of repayment.

(d) The monthly amount of a conditional service retirement benefit shall be calculated on the years of fully paid credited service in accordance with AS 39.35.370(c), except that the member may irrevocably elect to substitute one-twelfth of the "average base salary" as defined in AS 14.25.220(5) in place of average monthly compensation.

(e) Benefits payable under this section accrue from the first day of the month (1) in which the member meets the eligibility requirements of this section, (2) following the date

of termination, and (3) following application for retirement, and are payable the last day of the month. If payment is delayed, a retroactive payment shall be made to cover the period of deferment. The last payment shall be made for the month in which the member dies or is no longer eligible for a benefit under this section.

(f) An employee is eligible for a normal retirement benefit at age 55 or an early retirement benefit at age 50 if he has at least 60 days of credited service as a temporary employee of the legislature during each of five legislative sessions.

HISTORY (Sec. 3 ch 174 SLA 1978; am sec. 11 ch 82 SLA 1979; am sec. 37 ch 13 SLA 1980; am secs. 50, 51 ch 137 SLA 1982)

AS 39.35.370

Public Officers and Employees.
CHAPTER 35.
Public Employees' Retirement System of Alaska.
ARTICLE 6.
Benefits.

CITATION Sec. 39.35.370.

CATCH LINE

RETIREMENT BENEFITS.

TEXT

(a) A terminated employee is eligible for a normal retirement benefit (1) at age 55 with at least five years credited service, or (2) with at least 20 years of credited service as a peace officer or fireman, or (3) with at least 30 years of credited service for all other employees.

(b) A terminated employee is eligible for an early retirement benefit at age 50 with at least five years credited service.

(c) The monthly amount of a retirement benefit for a peace officer or fireman is two per cent of the average monthly compensation times the years of credited service up through 10 years, plus two and one-half per cent of the average monthly compensation times the years of service over 10 years. For all other employees it is two per cent of the average monthly compensation times the years of service. An actuarial adjustment must be made for an early retirement benefit.

(d) The monthly amount of a retirement benefit for a deferred vested member shall be determined in accordance with (c) of this section as it was in effect on the date of the employee's termination of employment.

(e) Benefits payable under this section accrue from the first day of the month after which all of the following requirements are met: (1) The member meets the eligibility requirements of this section; (2) he terminates his employment; and (3) he applies for retirement. The benefits are payable the last day of the month. If payment is delayed, a retroactive

payment shall be made to cover the period of deferment. The last payment shall be made for the month in which a benefit is payable under this section.

(f) A member who is vested in the system as a peace officer or fireman at the time he incurs a permanent disability of at least 33-1/3 per cent under workers' compensation and who (1) undergoes retraining because of the disability; and (2) is subsequently employed with the state or other employer in a position other than peace officer or fireman, is eligible for a normal retirement benefit as a peace officer or fireman under (a) and (c) of this section when he has completed 20 years of credited service.

HISTORY (Sec. 18 ch 143 SLA 1960; am sec. 2 ch 102 SLA 1963; am sec. 7 ch 155 SLA 1966; am sec. 5 ch 235 SLA 1968; am sec. 6 ch 109 SLA 1970; am secs. 6, 7 ch 159 SLA 1972; am sec. 15 ch 47 SLA 1974; am sec. 34 ch 128 SLA 1977; am sec. 33 ch 146 SLA 1980)

AS 39.35.475

Public Officers and Employees.
CHAPTER 35.
Public Employees' Retirement System of Alaska.
ARTICLE 6.
Benefits.

CITATION Sec. 39.35.475.

CATCH LINE

POST-RETIREMENT PENSION ADJUSTMENT.

TEXT

(a) When the administrator determines that the cost of living has increased and the financial condition of the retirement fund permits, he shall increase benefit payments to persons receiving benefits under this system.

(b) The amount of the increase in benefit payments may not exceed the lesser of

(1) the increase in the cost of living since the date of retirement; or

(2) four percent of the retirement benefit compounded for each year of retirement.

(c) If at the time of first receiving a retirement benefit a member was receiving a disability benefit under this system, the administrator shall include the time during which the member received the disability benefit in determining the number of years of retirement under this section.

(d) An increase in benefit payments under this section is effective July 1 of the year for which the increase is granted.

(e) The administrator shall implement this section by regulation.

HISTORY (Sec. 9 ch 235 SLA 1968; am sec. 14 ch 159 SLA 1972; am sec. 34 ch 146 SLA 1980; am sec. 57 ch 137 SLA 1982)

State
Retirement
Programs

HOUSE BILL NO. 213, by Reps. M.M. Miller, Duncan and Larson. Identical to SB 110, page 116, however does not include Sec. 22 of that bill relating to the Elected Public Officers' Retirement program.

Introduced February 17 and referred to State Affairs and Finance.

State
Retirement
Programs

SENATE BILL NO. 110, by Senator V. Fischer. Makes changes to statutes governing the teachers', public employees, judicial and elected public officers' retirement systems.

Increases member contributions for teachers' and public employees' retirement. Under the bill teacher contributions would be increased from seven to nine percent of base salary (AS 14.25.050), and public employee contributions would be raised from four and one-quarter to six and one-quarter percent of base salary (AS 39.25.160). The rate of contribution for peace officers and firemen would be increased from five percent to seven percent. All increases would be effective July 1, 1984.

For Teachers' Retirement (TRS), the bill amends sections relating to payment of arrearage indebtedness for prior military, outside or B.I.A. service to reflect increase in contribution rates (AS 14.25.060). For Public Employees' Retirement (PERS), bill similarly amends section on payment of indebtedness for prior military service (AS 39.35.340).

Increases monthly benefit amounts for TRS and PERS, as follows. Currently, under both programs the monthly benefit amount is 2% of an average of the member's salary, times the years of credited service (for teachers, an average of yearly salary for any three years divided by twelve, and for public employees a straight average of member's monthly compensation). The bill would allow those who retire with a greater number of credited years of service to receive a higher benefit than those who retire with the minimum, thus providing a disincentive to early retirement.

The benefit for those who retire with less than 10 years of credited service would be 2% of average monthly base salary, times years of credited service. The percentage for those who retire with at least 10 but less than 20 years of credited service would be 2.25%, and for those who retire with at least 20 years in, the percentage would be 2.5%. Also amends sections on conditional service retirement benefits to reflect change in calculation of benefits. (Amends AS 14.25.110(d) & 14.25.125(d) for TRS, and AS 39.25.370(c) & 39.35.385(d) for PERS.) Increases would be effective July 1, 1984.

Rewrites Post-Retirement Pension Adjustment (PRPA) provisions for TRS and PERS. Under current law, increases in benefit amounts are not automatic and may be made by the administrators of the

INTRODUCTION OF BILLS (Senate)(cont'd)

SB 110 (cont'd)

retirement funds when they deem necessary.

The bill sets up a graduated program for PRPA granting automatic cost-of-living increases over a three-year period to retired members. Effective July 1, 1984, the administrators must increase benefit payments to eligible persons 65 or older who received benefits during the preceding calendar year. Effective July 1, 1985, the cost-of-living increases would be granted to eligible disabled members or those 60 or older, and effective July 1, 1986 to eligible disabled members or those 55 or older. The younger retirees would receive less of an increase.

PRPA increases would be calculated based on the percentage increase in the consumer price index for urban wage earners and clerical workers for Anchorage during the previous calendar year as determined by the U. S. Bureau of Labor Statistics. Increases would be the lesser of a percentage of the rise in the cost of living or a set percentage (a maximum of 9% increase for those over 65 to a minimum of 3% for those over 55). Amends AS 14.25.143 for TRS, and AS 39.25.475 for PERS.

Amends Judicial retirement provisions to allow judges to begin receiving retirement pay at age 55 instead of 60 for a normal retirement. Would allow retired judge or justice who has reached age 50 (currently 55) or put in 20 years to receive an actuarially equivalent benefit. Adds: "A justice or judge may elect to receive full retirement benefits with no actuarial reduction upon attaining 20 years of creditable service if, beginning the first day of the month following an election made under this subsection, the justice or judge contributes to the retirement system two percent of the base annual salary. The contribution is in addition to any contribution required under AS 22.25.011 and must be made even if the justice or judge is not required to contribute under AS 22.25.011. An election under this subsection is irrevocable and must be made in writing to the commissioner of administration not later than December 31, 1983, or within 18 months after appointment for a justice or judge appointed after July 1, 1983." (Amends AS 22.25.010, Retirement of Justices and Judges.) Effective July 1, 1984.

Sec. 22 of bill states: "Notwithstanding the provisions of former AS 39.37.040(a) and (c), an elected public officer eligible for retirement benefits under former AS 39.37 [Elected Public Officers' Retirement System - rejected at referendum] is eligible to receive retirement pay under former AS 39.37 after the officer has reached age 55 or an actuarially reduced equivalent retirement pay after the officer has reached age 50 or upon attaining 20 years of creditable service." An elected public officer eligible for benefits under former AS 39.37 could elect to receive full retirement benefits with no reduction upon attaining 20 years of credited service if, beginning the first day of the month following an election made under the bill, the elected public officer contributes to the retirement system 2% of his compensation in addition to the contribution required under former AS 39.37.070(a).

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STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: House Bill #155

Title: "An Act continuing the AK Com. on

Sponsor: By Rules Committee by

Requestor: House

State Affairs

II. FISCAL DETAIL

Agency Affected: Office of the Governor

Program Category Affected: _____

Program of Subprogram(s) Affected: _____

Status of Women Commission

Governor an effective date.

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		175.9	186.5	197.7		
200 TRAVEL		47.0	49.8	51.8		
300 CONTRACTUAL		116.8	122.8	121.2		
400 COMMODITIES		3.0	3.2	3.4		
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		342.7	363.3	385.1		

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		342.7	363.3	385.1		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		4	4	4		
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Fiscal impact will be incurred. Funding to be continued and provided for in the Governor's FY 84, 85 and 86 budgets.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Michael A. Nizich, Director

Division: Administrative Services

Phone: 465-3616

Date: 3/21/83

Approved by Commissioner: [Signature]

Department: Office of the Governor

Date: 3/22/83

Distribution:

Original to Legislative Finance

Copy to Office of Management and Budget (for Legislature introduced bills)

Copy to Department (for Governor introduced bills)

Copy to Sponsor

Copy to Requestor (if different from Sponsor)

3/8/83

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: House Bill No. 231 Date on Bill: February 28, 1983
 Title: "An Act Relating to the Alaska Commission on the Status of Women"
 Sponsor: House Rules Committee
 Requestor: David, Koponen, Clocksin, Duncan, Fuller, Goll, Grussendorf, Lacher, Larson, Malone, McBride, M.M. Miller, Phillips, Szymanski, Vaska, Wendte & Zharoff.

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital				
Operating	-0-	342.7	372.3	385.1
Total	-0-	342.7	372.3	385.1

b. Revenues:

Revenue				
---------	--	--	--	--

2. Source of funds to offset fiscal impact of bill:

Fiscal impact will be incurred. Funding to be continued and provided for in the Governor's FY 84, 85 and 86 budgets.

3. Assumptions:

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Michael A. Nizich Phone: 465-4616
 Division: Administrative Services/Executive Office Date: 3/03/83
 Approved by Commissioner: *Laura J. Herman* Date: 3/0/1983
 Department: Office of the Governor

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor


2/15/83

FY 86

Status of Women Budget Summary

01	Personal Services	97.7
02	Travel	52.8
03	Contractual	131.2
04	Commodities	3.4
05	Equipment	
06	Lands/Buildings	
07	Grants, Clms	
08	Miscellaneous	
**	Total **	<u>385.1</u>

Full-Time Position Recap -

<u>PCN</u>	<u>Classification Title</u>	<u>Annual Salary</u>	
01-0079	Policy & Prog Spec II	52,896	✓
01-0080	Secretary I	22,668	
01-0081	Research Analyst II	35,292	✓
01-0091	Information Officer II	35,292	✓

FY 85

Status of Women - Budget Summary

01	Personal Services	186.5
02	Travel	49.8
03	Contractual	123.8
04	Commodities	3.2
05	Equipment	
06	Lands/Buildings	
07	Grants, Clms	
08	Miscellaneous	
** Total **		<u>372.3</u>

Full-Time Position Recap -

<u>PCN</u>	<u>Classification Title</u>	<u>Annual Salary</u>
01-0079	Policy & Prog Spec II	51,012
01-0080	Secretary I	21,984
01-0081	Research Analyst II	34,056
01-0091	Information Officer II	34,056

Status of Women - Budget Summary

01 Personal Services	175.9
02 Travel	47.0
03 Contractual	116.8
04 Commodities	3.0
05 Equipment	
06 Lands/Buildings	
07 Grants, Clms	
08 Miscellaneous	
** Total **	<u>342.7</u>

Full-Time Position Recap -

<u>PCN</u>	<u>Classification Title</u>	<u>Annual Salary</u>
01-0079	Policy & Prog Spec II	49,380
01-0080	Secretary I	21,384
01-0081	Research Analyst II	32,868
01-0091	Information Officer II	32,868

FM knowledge

I attended the AK
COTSOH conf. last yr.

Overall the mtgs were
fine. However, I
noted that they
were interviewing

gubernatorial candidates
(which I opposed & state
funded agency doing) &
propoganda against Rep
Barnes was passed out

to all tables

MSG 83-00002416 PRTY 1 03/22/83 13:18:08 ORIG: LF05 IN= 0003 OUT= 0033
FROM: LYNDA/FBX TO: ALL
TARGET: LJHZ SUBJ: CMSN/STATUS/WOMEN T/C 3/22

FBX #2

TO TESTIFY:

2. VALERIE THERRIEN, FBX N.O.W., 779 8TH AVE., FBX. #456-8113

-----EOM

has time constraint

*has to
leave in 10
minutes*

MSG 83-00002456 PRTY 1 03/22/83 13:58:06 ORIG: LSOO IN= 0012 OUT= 0013
FROM: FALEENE, SITKA TO: MODERATORS
TARGET: LJH1 SUBJ: (H) S.A./COMM. ON STATUS OF WOMEN T/C

OMNI #1

WITNESS

1. MARCIA JOHNSON
SR, 111 CEDAR BEACH SMC
SITKA, AK 99835

Affiliated
with

Federal Women's Programs
SITKIAN'S Against Family Violence
Business & Professional Women
Now

UNDER TIME CONSTRAINT

would like to testify
ASAP

You have to convince
us that this Commission
is a needed asset to
this State!

The way to do this is to
get elected? by the Majority
of the People

She has managed to
use up most of our
Time without giving us
any concrete evidence of need
for this Commission

INTRODUCTION OF BILLS (House) (cont'd)

HB 230 (cont'd)

AS 08.64.110, "Per Diem and Expenses," which provides "The members of the board are entitled to per diem and expenses authorized by law."

AS 08.64.140, "Annual Report to Governor." Included in new section listing duties of the Board (see Sec. 4).

AS 08.64.200(1), "Qualifications of Physician Applicants." Repeals requirement that applicant "be of good moral character."

AS 08.64.380(3), definition of "unprofessional or dishonorable conduct."

Does not provide for an effective date (effective 90 days after Governor's signature).

Introduced February 28 and referred to HESS, Labor & Commerce.

In his message transmitting the bill to the House for consideration, Governor Sheffield stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to licensing for and regulation of the practice of medicine. The bill would revise and clarify the statutes relating to licensing for the practice of medicine, and the powers and duties of the State Medical Board. The bill also would clarify the grounds for disciplinary action by the board and the types of disciplinary action which it may take.

Further, the bill would revise the definition of the practice of medicine to include more modern views of what constitutes medical practice. The new language also expands the definition of the practice of medicine to encompass types of activity not clearly regulated under existing law, including the treatment of a person who does not clearly fall within the definition of a person who is 'sick or injured.'

Commission on
the Status of
Women

HOUSE BILL NO. 231, by Reps. Davis, Koponen, Clocksin, Duncan, Fuller, Goll, Grussendorf, Lacher, Larson, Malone, McBride, M.M. Miller, Phillips, Szymanski, Vaska, Wendte and Zharoff. See SB 63, page 21, identical.

Introduced February 28 and referred to State Affairs and Finance.

Chester Lake
Hydro Project
(authorizing)

HOUSE BILL NO. 232, by Reps. McBride and Wendte. Would authorize the Chester Lake Hydroelectric project and approves a construction cost of \$13,200,000 under the provisions of AS 44.83.185(c) (Alaska Power Authority. Submission to legislature--requires the APA to submit a feasibility study and plan of finance for a proposed new project to the legislature. Subsection (c) states that the legislature shall consider and must approve all proposed new projects by enacting law authorizing and approving the project and construction costs). Provides Act takes effect immediately.

Introduced March 2 and referred to Resources and Finance.

INTRODUCTION OF BILLS (Senate)(cont'd)

Drunk Driving
(chemical breath tests)

SENATE BILL NO. 61, by Senators Josephson and Kelly.
Identical to HB 6, page

Introduced January 19 and referred to State Affairs and Judiciary.

Appropriation
(Copper River Basin natural gas)

SENATE BILL NO. 62, by Moss. Would appropriate \$1 million to the Alaska Power Authority for a feasibility study of using Copper River Basin natural gas for generation of electrical power for local utilities. Effective July 1, 1983.

Introduced January 20 and referred to Resources and Finance.

Commission on the Status of Women

SENATE BILL NO. 63, by Senators V. Fischer and Rodey. Changes name to the Alaska Women's Commission. Adds to list powers and duties in AS 44.19.175 the duty to "encourage the development of regional and municipal women's councils or commissions." Changes section on annual report to require a report on the proceedings for the previous fiscal year rather than the previous calendar year. Repeals termination date of June 30, 1983 which was included in the legislation creating the commission (Sec. 2, Ch. 120, SLA 197b), and extends the life of the commission to January 30, 1987. Does not provide for an effective date (effective 90 days after the Governor's signature).

Introduced January 20 and referred to State Affairs. January 21, Sen. Sturgulewski added as a co-sponsor.

Physicians Employed by the State
(exempt service)

SENATE BILL NO. 64, by the Rules Committee by request of of the Legislative Council (for the Blue Ribbon Commission on the State Personnel Act). Would include in state exempt service only those licensed physicians employed by the Division of Mental Health and Developmental Disabilities, Dept. of Health and Social Services. Currently, under AS 39.25.110(13), any licensed physician employed by the state would be placed in the exempt service. Does not provide for an effective date (effective 90 days after Governor's signature). Identical to HB 108.

Introduced January 21 and referred to Labor & Commerce.

Municipal Property Tax
(optional exemption)

SENATE BILL NO. 65, by Senators P. Fischer and Moss. Would allow municipalities to exclude or exempt or partially exempt residential property from taxation, up to \$100,000 for any one residence. Currently the law only allows up to \$10,000 per residence for this optional exemption (amends AS 29.53.025(a)). Amends current law effective January 1, 1984 and amends the appropriate section of the new municipal code (AS 29.45.050(a)) effective on the effective date of the new code.

Does not provide for an effective date (effective 90 days after Governor's signature).

Introduced January 21 and referred to Community & Regional Affairs and Finance.

BILLS PASSED IN THE HOUSE (cont'd)

Bd. of Marine Pilots
(continuing existence) CS FOR HOUSE BILL NO. 218, (see pages 215;301;310). March 14 the Finance CS was adopted and the bill passed the House, 34-0-2-4. Excused: Koponen, McBride. Absent: Bettisworth, Davis, Fuller, Grussendorf. The effective date was adopted.

Elected Atty. General
(const. amendment) CS FOR SS FOR HOUSE JOINT RESOLUTION NO. 7 (JUDICIARY), (see pages 62;159;259). Before the House on March 16. The Judiciary CS was adopted by unanimous consent. Passed, 27-12-1-0. Nays: Clocksin, Davis, Duncan, Grussendorf, Koponen, Malone, McBride, M.M. Miller, Phillips, Vaska, Wendte, Zharoff. Excused: Szymanski. Rep. Clocksin gave notice of reconsideration of his vote.

March 18 the reconsideration was brought up by Clocksin and the resolution was held in third reading until March 23.

OTHER ACTION IN THE HOUSE

AK Bidder Preference HOUSE BILL NO. 106, (see pages 60;300). On March 18 Rep. Szymanski was added as a co-sponsor.

Citizen Adv. Boards
(U of A) HOUSE BILL NO. 219, (see page 218). On March 18 Rep. Pestinger requested that his name be removed as a co-sponsor.

State Employees
(executive/legis./judic. & U of A)
(pay raise) HOUSE BILL NO. 226, (see page 223). On March 18 the Speaker removed the bill from Finance and sent it to Community & Regional Affairs. It will go to Finance after Community & Regional Affairs.

Commission on the Status of Women HOUSE BILL NO. 231, (see page 250). On March 18 Rep. Furnace was added as a co-sponsor.

Governor & Lt. Governor
(election of)
(const. amend.) HOUSE JOINT RESOLUTION NO. 9, (see page 63). On March 18 the Finance referral was waived. Now in Judiciary, then to Rules.

Alaska Time Zones HOUSE JOINT RESOLUTION NO. 25, (see pages 130;227;300;302;310;311). On March 14, at the request of Rep. Furnace, the reconsideration was held until March 16. On March 16 the reconsideration was not acted on, so the bill was sent to the Senate.

Legis. Confirmation of Judges
(const. am.) HOUSE JOINT RESOLUTION NO. 36, (see page 294). On March 14 Rep. Tischer was added as a co-sponsor.

(4) submit annually to the legislature, not later than the 10th day of each regular session, the portion of the coastal management program approved or amended by the council during the preceding year. (§ 3 ch 84 SLA 1977)

Editor's note. — This section derives from AS 44.19.893 and was renumbered by the revisor under 01.05.031.

Sec. 44.19.162. Council staff. The council shall utilize the staff of the office of coastal management within the division of policy development and planning in discharging its powers and duties. The coordinator of the office, with the concurrence of the council, may contract with or employ personnel or consultants he considers necessary to carry out the powers and duties of the council. (§ 3 ch 84 SLA 1977)

Editor's note. — This section derives from AS 44.19.894 and was renumbered by the revisor under 01.05.031.

Article 14. Alaska Commission on the Status of Women.

Section	Section
165. Creation of commission	170. Compensation
166. Composition	171. Purpose
167. Appointment	175. Powers and duties
168. Meetings	180. Annual report
169. Terms of office	

Editor's note. — Section 2, ch. 120, created under AS 44.19.950 shall terminate on June 30, 1983. SLA 1978, provides: "The Alaska Commission on the Status of Women

Sec. 44.19.165. Creation of commission. There is created in the Office of the Governor the Alaska Commission on the Status of Women. (§ 1 ch 120 SLA 1978)

Editor's note. — This section derives from AS 44.19.956 and was renumbered by the revisor under 01.05.031.

Sec. 44.19.166. Composition. The commission consists of nine members and an ex officio member representing the office of the attorney general who shall serve at the pleasure of the governor (§ 1 ch 120 SLA 1978)

Editor's note. — This section derives from AS 44.19.957 and was renumbered by the revisor under 01.05.031.

Sec. 44.19.167. Appointment. (a) The members shall be appointed on a nonpartisan and nondiscriminatory basis by the governor within 60 days of October 6, 1978. The members shall be residents of the state. At least one member shall be a homemaker who is not otherwise employed. In making the appointments, due consideration shall be given to

(1) the recommendations made by civic organizations, women's organizations, educational and vocational groups, employer groups, labor unions, church groups, homemakers' clubs and organizations, and other groups having an interest in the status of women;

(2) statewide geographical representation of the commission; and

(3) minority and low-income representation.

(b) The commission shall elect one of its members as chairperson and may select other commission officers as it considers necessary. (§ 1 ch 120 SLA 1978)

Editor's note. — This section derives from AS 44.19.958 and was renumbered by the revisor under 01.05.031.

Sec. 44.19.168. Meetings. Within 60 days after the appointment of all the members of the commission, the governor shall call the first meeting of the commission. A majority of the members constitutes a quorum for conducting business and exercising the powers of the commission. The commission shall meet at the call of the chairperson, at the request of a majority of the members, or at a regularly scheduled time as determined by a majority of the members. (§ 1 ch 120 SLA 1978)

Editor's note. — This section derives from AS 44.19.959 and was renumbered by the revisor under 01.05.031.

Sec. 44.19.169. Terms of office. The term of office of each member is five years. Terms shall be staggered. Initial terms shall be three members serving for one year, three members serving for three years, and three members serving for five years. A vacancy shall be filled for the balance of the unexpired term in the same manner as original appointments. (§ 1 ch 120 SLA 1978)

Editor's note. — This section derives from AS 44.19.961 and was renumbered by the revisor under 01.05.031.

and travel allowances authorized by law for other boards and commissions. (§ 1 ch 120 SLA 1978)

Editor's note. — This section derives from AS 44.19.962 and was renumbered by the revisor under 01.05.031. The provisions formerly contained in AS 44.19.170 are now contained in AS 44.99.008.

Sec. 44.19.171. Purpose. The purpose of the commission is to implement the recommendations contained in the preliminary study on the status of women in Alaska which was mandated by the Ninth Legislature, Second Session, under ch. 99 SLA 1976, and improve the status of women in Alaska by conducting further research and by making and implementing additional recommendations on the opportunities, needs, problems, and contributions of women in Alaska including, but not limited to,

- (1) education,
- (2) homemaking,
- (3) civil and legal rights,
- (4) labor and employment. (§ 1 ch 120 SLA 1978)

Editor's note. — This section derives from AS 44.19.963 and was renumbered by the revisor under 01.05.031. The provisions formerly contained in AS 44.19.171 are now contained in AS 44.19.048.

Sec. 44.19.175. Powers and duties. To accomplish its purpose, the commission may

- (1) hire an executive director and additional administrative staff as may be necessary to the commission's function;
- (2) act as a clearinghouse and coordinating body for governmental and nongovernmental information relating to the status of women;
- (3) cooperate with public and private agencies in joint efforts to study and resolve problems relating to the status of women in Alaska;
- (4) accumulate and compile information concerning discrimination against women;
- (5) disseminate the results of research and compilation of data acquired under (4) of this section by publication and other methods such as public hearings, conferences, and seminars;
- (6) study and analyze all facts relating to Alaska laws, regulations and guidelines with respect to equal protection for women under the state constitution;
- (7) recommend legislative and administrative action on equal treatment and opportunities for women;
- (8) select and retain the services of consultants whose advice is considered necessary to assist the commission in obtaining information;

(10) establish standing committees among the members to investigate and make recommendations on various areas of concern;

(11) create task forces composed of commission members and other experts as needed;

(12) accept monetary gifts or grants from the federal government or an agency of it, from any charitable foundation or professional association or from any other reputable sources for implementation of any program necessary or desirable for carrying out the general purposes of the commission. (§ 1 ch 120 SLA 1978)

Editor's note. — This section derives from AS 44.19.964 and was renumbered by the revisor under 01.05.031. The provisions formerly contained in AS 44.19.175 are now contained in AS 44.19.050.

Sec. 44.19.180. Annual report. Each year the commission shall file a report with the governor and the legislature of its proceedings for the previous calendar year and shall submit recommendations for legislative and administrative action. Reports and recommendations required under this section shall be prepared no later than the convening of the legislature. (§ 1 ch 120 SLA 1978)

Editor's note. — This section derives from AS 44.19.966 and was renumbered by the revisor under 01.05.031.

Article 15. Yukon-Taiya Commission.

Section	Section
181. Yukon-Taiya Commission established	185. Administration
182. Duties of the commission	186. Acceptance of grants and other aid
183. Composition of commission	187. Expenditures
184. Term of membership	188. Reports

Sec. 44.19.181. Yukon-Taiya Commission established. There is created in the Office of the Governor the Yukon-Taiya Commission. (§ 1 ch 85 SLA 1967)

Editor's note. — This section derives from AS 44.20.010 and was renumbered by the revisor under 01.05.031.

Sec. 44.19.182. Duties of the commission. The commission shall seek the initiation of a joint United States-Canada study of the Yukon-Taiya hydroelectric project and related resources development. The commission is authorized to conduct studies, compile and publish information, and provide the good offices of the state for encouraging the development. (§ 1 ch 85 SLA 1967; am § 1 ch 131 SLA 1968)

ALASKA STATE LEGISLATURE

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IN SESSION:
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CHAIRMAN
1983 INTERIOR DELEGATION

MEMBER
TRANSPORTATION
HEALTH, EDUCATION AND SOCIAL SERVICES
LABOR SUBCOMMITTEE
JOINT OIL AND GAS
RURAL EDUCATION ATTENDANCE AREAS

Representative Mike Davis
House District 19

March 18, 1983

To: House State Affairs Committee Members

From: Rep. Mike Davis

RE: HB 231- An Act relating to the Alaska Commission on
the Status of Women.

The following items are attached as backup material for
HB 231:

1. A listing of Commission Members
2. A position paper from the Commission on the subject of moving from the Office of the Governor to the Dept. of Health & Social Services (submitted for companion bill SB 63).
3. A list of the accomplishments of the Commission.
4. A partial list of accomplishments of the Commission by Carla Timpone (Submitted for companion bill SB 63).
5. A paper from the Commission listing their activities and advocacy for Alaska's Native Women.
6. Summary of persons testifying at a 9/29/82 teleconference on the Commission on the Status of Women. Select testimony is also attached.
7. A letter from the Alaska Women's Political Caucus in support of the Alaska Women's Commission.
8. A legislative platform from the Alaska Commission on the Status of Women.

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STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

AD 512
Bill Sheffield, Governor

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

February 7, 1983

BUDGET REVIEW

Gene Dusek, Director of Budget
Office of Management & Budget
Pouch AM
Juneau, AK 99811

FEB 8 1983

MANAGEMENT & BUDGET

Re: Appropriation questions
Our file: 366-374-83

Dear Mr. Dusek:

You have asked for our opinion concerning issues relating to the appropriation limit imposed by Alaska Constitution, article IX, section 16. These issues are as follows:

(1) Are appropriations to reimburse a municipality for payment of the principal and interest on general obligation school construction bonds subject to the appropriation limit? We believe they are not.

(2) If the permanent fund dividend law (AS 43.23) is amended or repealed and another plan for the distribution of permanent fund income is enacted, will appropriations to finance the new distribution program be included in the appropriation limit or will those appropriations be outside the limit? Generally, we believe that other distribution plans could qualify as dividends. However, certain limitations should be observed to make sure that the new plan satisfies the intent of the appropriation limit.

(3) How will the appropriation limit be implemented if

anticipated state revenues are less than the limit for a fiscal year? We assume that the appropriation limit will be applied with common sense to empower the legislature to act without regard to allocations imposed by the appropriation limit when economic conditions deplete the state treasury.

(4) How will multi-year appropriations be counted for purposes of the appropriation limit? We believe a multi-year appropriation will be counted against the appropriation limit for the first year in which it could be expended.

(5) What is the definition of "capital project" as that term is used in the appropriation limit? There is some history which supports a liberal interpretation of the term "capital project."

I. BACKGROUND

The appropriation limit, Alaska Const. art. IX, sec. 16, was drafted during a period of anticipated high revenue yields from oil and gas production. In June 1981, the Alaska Department of Revenue forecast that the state would earn approximately \$4,895,300,000 during FY 82. Revenue Sources, Alaska Department of Revenue (June 1981). That forecast did not include the revenue dedicated to the Alaska permanent fund under AS 37.-13.010. The revenue actually earned by the state during FY 82, less the permanent fund contribution, was \$4,108,400,000. Reve-

nue Sources, Alaska Department of Revenue (Jan. 1983). The legislature had exhibited a proclivity for appropriating all available revenue and more. ^{1/} Former Governor Jay S. Hammond introduced SJR 4 during the first session of the Twelfth Alaska Legislature. However, the legislature failed to enact a version of SJR 4 during the first regular session and on June 25, 1981, Governor Hammond called a special session of the legislature to consider SJR 4. In his address to the legislature, Governor Hammond cited the following circumstances which required the enactment of SJR 4:

- (1) the FY 82 operating budget increased 32 percent over the FY 81 operating budget;
- (2) the FY 82 capital budget increased 127 percent over the FY 81 capital budget; and,
- (3) for FY 82, the legislature appropriated an amount equal to 59 percent of the total spent for capital projects since statehood. 1981 S. Jour., FSS Jour. Supp. No. 1, p. 3.

A second free conference committee (FCC) initially appointed during the regular session met to continue consideration of SJR 4 during the special session. 1981 S. Jour., p. 1744. A

^{1/} The \$1.8 billion contribution to the Alaska permanent fund (sec. 2, ch. 61, SLA 1981 as amended by sec. 68, ch. 92, SLA 1981 and sec. 16, ch. 101, SLA 1982) is a continuing operating appropriation which literally causes total unobligated appropriations to exceed available state revenues for each fiscal year since enactment.

transcript of the open meetings of the FCC exists and forms a part of the history of the appropriation amendment (the transcript). However, it is evident from review of the transcript that other discussions concerning the intent of the amendment were conducted outside of open committee meetings. While the transcript is helpful, it presents only a partial record of the deliberations of the drafters of the amendment.

The FCC purported to adopt a letter of intent to accompany its report to the house and senate. 1981 S. Jour., FSS, p. 5. However, the letter of intent is not set out in the journal. A search of the bill files of the Department of Law yielded a copy of the missing letter of intent. See Ex. 1.

The campaigns for and against adoption of the appropriation limit began in September of 1982. The Anchorage Daily News criticized the proposed amendment for the following reasons:

(1) the ceiling is too high, revenues will exceed the limit only once before the year 2000; and

(2) the one-third reservation for capital projects and loan appropriations was included because the legislature "failed to make the distinction between a wise public agenda -- on which capital projects and loans surely would appear -- and an effectively timeless state constitution -- in which no such spending demands should be dictated.

Anchorage Daily News, Sept. 3, 1982, at A14, "opinion." The

Daily News based its opinion concerning revenue forecasts on a report made public by the legislative finance division of the Legislative Budget and Audit Committee. Anchorage Daily News, Sept. 2, 1982, at 1. On September 17, 1982, the Daily News urged Governor Hammond to oppose the adoption of the appropriation limit. The Anchorage Times basically took no position on the amendment. However, on October 19, 1982, the Times reported the results of a poll sponsored by supporters of the amendment. The poll, conducted the week of September 16-23, 1982, showed that the amendment was recognized and favored by the public as a "spending limit." The pollsters asked if the respondents had heard of the proposed amendment to the state constitution which sets a limit on increases on state appropriations. By a three-to-one margin, respondents said they were not familiar with the amendment when it was described as an "appropriation limit." Anchorage Times, Oct. 19, 1982, at A-4. On October 26, 1982, the Juneau Empire editorialized in favor of adoption of the amendment. Juneau Empire, Oct. 26, 1982, at 4.

During the week of October 24, 1982, the major dailies of the state published articles on the amendment. Governor Hammond received coverage in most of those stories by saying "It [the adoption of the appropriation limit] may be our last chance to control the juggernaut which otherwise will likely crush us into bankruptcy." Anchorage Daily News, Oct. 29, 1982, at B3.

On Sunday, October 31, 1982, the Daily News in its forum section, published an article by Governor Hammond in which he again strongly advocated adoption of the amendment because revenue projections and the growing vulnerability of the permanent fund compelled him to plead for the support of the people. Anchorage Daily News, Oct. 31, 1982, at K3. On the preceding Friday, the Daily News quoted Governor Hammond as follows: "Don't let anyone tell you that passage of Proposition 4 won't limit spending." Under recently revised revenue estimates, passage of the ballot issue would bar the legislature from appropriating between \$80 million and \$380 million in fiscal 1984 alone. Anchorage Daily News, Oct. 29, 1982, at B3.

At the 1982 general election, the voters approved the adoption of SJR 4 by a vote of 110,669 for the amendment and 70,831 opposed to the amendment. State of Alaska Official Returns by Election Precinct General Election Nov. 2, 1982, Div. of Elections, Office of the Governor.

II. EXCEPTIONS FROM THE LIMIT

The appropriation limit contains seven express exceptions. Five of those exceptions are for appropriations which are completely outside the limit and do not require voter approval. They include:

- (1) an appropriation for Alaska permanent fund divi-

dends;

- (2) an appropriation of revenue bond proceeds;
- (3) an appropriation to pay principal and interest on general obligation bonds;
- (4) an appropriation of money received from nonstate sources in trust for a specific purpose, including revenues of a public corporation that issues revenue bonds; and
- (5) an appropriation to meet a state of disaster declared by the governor.

You have requested our interpretation of exceptions (1) and (3) set out above.

A. Alaska Permanent Fund Dividend Exception

The appropriation limit provides: "Except for appropriations for Alaska permanent fund dividends ... appropriations from the state treasury made for a fiscal year shall not exceed \$2,500,000,000...." A question obviously arises as to whether "Alaska permanent fund dividends" means only those cash payments provided to individuals under AS 43.23 or if the word "dividend" encompasses other concepts for the distribution of income earned by the Alaska permanent fund.

We believe the answer to your question concerning appropriations for permanent fund dividends depends on whether the exceptions will be construed strictly or liberally. Usually,

provisions in a state constitution are construed liberally using the same rules of construction prescribed for other laws with regard given to the broader object and scope of the constitution as a charter of popular government. Eghert v. Dunseith, 24 N.W.2d 907 (N.D. 1946); 168 A.L.R. 621. Professor Sutherland explains the modern view for construing express exceptions as follows:

The older rule strictly interpreted both exceptions and provisos but today the prevailing view favors determining the effects of such provisions according to the usual criteria of decision applicable to other kinds of provisions as well without the use of any artificial presumptions to the effect that qualifying language should be strictly construed.

SUTHERLAND STATUTORY CONSTRUCTION § 47.11 (4th ed. 1974)(footnotes omitted). The FCC did not express an intent to limit this exception to only appropriations to finance cash payments to individuals under AS 43.23.

The appropriation limit must be interpreted consistently with the permanent fund amendment contained in article IX, section 15. Section 15 provides that the legislature may dispose of the income of the Alaska permanent fund "as provided by law." Each legislature may reexamine existing law and enact different laws providing for the use of income earned by the Alaska permanent fund. If section 16 were interpreted so that the exception to permanent fund dividends applied only to appropriations to finance cash dividends under AS 43.23, the legislature would essentially be denied the flexibility to adjust to changing philoso-

panies concerning the propriety of making cash payments directly to residents which section 15 expressly reserves to it. 2/ In interpreting and applying the constitution, it must be remembered that the constitution is not a lifeless or static instrument whose interpretation is confined to conditions and outlooks which prevailed at the time of its adoption. Yakus v. United States, 321 U.S. 414 (1944); Warwick v. State, 548 P.2d 384 (Alaska 1976).

The word "dividend" has no precise legal meaning. Trustees of University v. North Carolina R. Co., 13 WORDS AND PHRASES 107 (Permanent ed.); 22 Am. Rep. 671. Webster defines "dividend" as follows: "an individual share of something distributed among a number of recipients." We are not aware of any legal principle which would preclude the characterization of other distribution programs as "dividends." Rather, the words used

2/ The Thirteenth Legislature may reject direct cash distribution in favor of a plan which it determines will promote public purposes more effectively. During the period of consideration and adoption of the appropriation limit, the permanent fund dividend law was undergoing considerable scrutiny and change by both the legislature and the courts. The legislature adopted the proposed appropriation limit amendment on July 15, 1981. At that time the question of the constitutionality of the permanent fund dividend program as it was then structured was on appeal to the United States Supreme Court. On June 14, 1982, the United States Supreme Court issued an opinion which found the method established for determining the amount of dividends under that program void because the method promoted discrimination based on length of residence in the state. On August 13, 1982, amendments to the dividend law took effect. The people were undoubtedly aware that the dividend law in effect on election day in 1982 was not chiseled in marble.

by the drafters of the amendment afford broad latitude to the legislature to enact new distribution programs which will not be impaired by the appropriation limit.

It is well-settled law that a provision of a state's constitution must receive a liberal, practical construction to meet changed conditions and growing needs of the people. County of Alameda v. Sweeney, 312 P.2d 419, 424 (Cal. 1957). Under the permanent fund amendment, the discretion granted to the legislature to enact, amend, or repeal the present dividend program under AS 43.23 to meet the growing needs of the people is unfettered. However, the operation of exceptions from the appropriation limit must be interpreted consistent with the intent of the framers of the organic law and of the people adopting it. State v. Lewis, 559 P.2d 630, 637 (Alaska 1977).

One important consideration should be carefully observed. The Alaska Supreme Court has found that the purpose of the existing dividend program is to force the legislature to consider the reimposition of taxes when the decline of oil revenue encourages resort to permanent fund income to finance state government. Williams v. Zobel, 619 P.2d 448, 454 (Alaska 1981), rev'd 451 U.S. 905 (1982). The people can be expected to vigilantly protect their dividends by forcing the legislature to seek sources other than the permanent fund to finance state government. If a substitute distribution program accomplishes the same

purpose, it will more likely qualify under the exception in section 16 than if it fails to achieve that purpose. If the constituency benefitted by a dividend is narrow, the dividend may not be a dividend in the sense intended by the drafters of section 16 and the people who adopted it. Proposals soon to be considered by the legislature include replacing the existing distribution to all residents with a distribution of part of the permanent fund income to municipalities and as a substitute for the existing longevity bonus, and use of a part of the income to finance large capital projects.

A vast majority of the population of the state resides in or is served by municipal governments. It is also a fact that we all seek security for our "golden years." The constituents of these proposals seem broad enough to satisfy the purpose of the current dividend law. The use of permanent fund income to finance large capital projects presents a closer question. The character of each project must be considered to determine if it serves a state public purpose, rather than a local special purpose. Additionally, if the project is viewed as merely an alternate way of financing state government operations, the basic intent of the dividend law might not be served.

We cannot advise with certainty whether the financing of large capital projects with permanent fund income would constitute a dividend of the Alaska permanent fund for purposes of

the appropriation limit. Some may argue that the benefits provided by "public works" projects are too localized to approximate the benefits provided by the existing dividend law. However, in State v. Lewis, 559 P.2d 630 (Alaska 1977), the Alaska Supreme Court decided that "[l]egislation need not operate evenly in all parts of the state to avoid being classified as local or special." Lewis at 643. A definite answer will come only when the courts interpret article IX, section 16 of the Alaska Constitution. However, we believe that if the legislature enacts a distribution program which is consistent with the intent of the permanent fund dividend law, any appropriation to implement that program will be exempt from the appropriation limit.

B. Appropriations Required to Pay the Principal and Interest on General Obligation Bonds

Under AS 43.18.100 -- 43.18.135 the state, subject to available appropriations, reimburses municipalities for the payment of a percentage of principal and interest to retire general obligation bonds issued by the municipality to finance school construction costs. Although they have been amended from time to time, these statutes have been in effect since 1971. You have asked whether appropriations to retire municipal general obligation debt are within the exception stated to the appropriation limit.

The exception reads as follows: "Except for ... appro-

priations required to pay the principal and interest on general obligation bonds...." The wording of the exception does not specify whether the bonds must be issued by the state to qualify. Later in section 16, the drafters carefully identified "appropriations of money received from a nonstate source...." Since the drafters could easily have expressly limited this exception to state general obligation bonds, an implication can be drawn that a strict construction limiting the exception to state general obligation bonds was not intended.

The purpose of the exception recognizes that appropriations to retire general obligation bonds may be to the state's "great advantage." Governor's transmittal letter, 1981 FSS S. Jour., p. 16. Presumably the advantage accrues from the state's enhanced credit rating which results in lower debt service charges for subsequent bond issues. It is probable that the existence of the school construction debt assistance provisions of AS 43.18 have the same effect upon the bond rating assigned to municipalities. The identical purpose is achieved by appropriations made to finance the reimbursement program. Less state assistance will be necessary in the future if local bond ratings remain favorable.

There are some considerations which weigh against this construction. Debt service for general obligation bonds is financed by a continuing appropriation. AS 37.15.012. General

obligation bonds are debts of the state secured by contracts (trust indentures); the impairment of contracts is prohibited by the state and federal constitutions. The reimbursement program under AS 43.18 does not transform municipal general obligation bonds into debts of the state. AS 43.18.130(a). However, the financial burden imposed on municipalities, if their local tax effort were increased to compensate for the loss of assistance under AS 43.18, could be devastating to the local taxpayer. According to the Department of Education, for fiscal year 1984 the estimated total entitlement for school debt retirement is \$36,900,000. This total is estimated to increase to \$44,300,000 by fiscal year 1988.

Accordingly, we believe that appropriations to retire municipal general obligation school bond indebtedness under AS 43.18 are "required" and qualify as an exception to the spending limit. We believe that the appropriation for school bond indebtedness can be represented as a moral obligation of the state for the following reasons:

- (1) the appropriation is made under a statute of general application;
- (2) the statute has been in effect since 1971; and
- (3) the reimbursement program is heavily relied upon by municipalities when they establish the local tax effort necessary to support local bonded indebtedness.

III. REVENUE SHORTFALL

You have also asked how to interpret the appropriation limit if the amount of state revenues subject to the limit is less than the amount determined to be the limit for a fiscal year, as provided in section 16. You wish to know specifically how the allocations within the limit for operating expenses and capital projects would be interpreted. As we have indicated, section 16 imposes an appropriation limit rather than a spending limit. We have earlier advised that the legislature may make appropriations which exceed available revenues. 1981 Inf. Op. Att'y Gen. (June 24; J77-159-81). However, obligations may not be paid under those appropriations unless there is enough surplus money available in the treasury.

Theoretically, the amount of anticipated state revenue should have no effect on the operation of the appropriation limit. However, under AS 37.07.020(c), the governor's proposed budget may not exceed estimated revenues for the succeeding fiscal year. Also, the amount of surplus revenues anticipated to be received by the state was an issue hotly publicly debated before adoption of section 16. The newspaper articles written about the appropriation limit before the election commonly referred to the amendment as a "spending limit." These articles were undoubtedly instrumental in forming the voters' understanding of the effect of the proposed amendment.

Section 16 provides, in part: "Within this limit, at least one-third shall be reserved for capital projects and loan appropriations." This wording is ambiguous when applied for a year in which revenue available for appropriations falls short of the adjusted limit for that year. Under those circumstances, it is not clear whether the reservation for capital projects and loan appropriations is calculated based on the total amount actually appropriated for that fiscal year (i.e., less than the limit) or on the limit amount (\$2.5 billion) for that fiscal year adjusted for population and inflation. Apparent ambiguities contained in the state constitution may be resolved by the contemporaneous construction by law or by the administrative agency charged with implementation of the provision. Amador Valley Joint Union High School District v. State Board of Equalization, 583 P.2d 1281 (Cal. 1978).

A review of the FCC transcript reveals no discussion of the intention of the drafters when they used the phrase "within this limit." Revenue projections at the time painted a rosy picture for the future. No history is available to indicate that the FCC even considered the effect of the amendment if the state suffers a sharp decline in revenue. Former Governor Hammond was clearly concerned by the possibility of a spendthrift legislature with an overflowing treasury at its disposal.

Under the circumstances, we believe it would be unwise

to blindly apply the allocations imposed by the appropriation limit when conditions impose an even more stringent limit than intended by the FCC. 3/ The appropriation limit drastically alters the most significant power of the legislature: the power to appropriate. The power to enact general law is largely nullified unless the money to finance enforcement or implementation of the law is appropriated. Consequently, we believe that an interpretation which restricts the legislature's power to respond to the needs of the state during unanticipated periods of revenue decline will not be endorsed by the courts. See State ex rel. Columbus v. Keterer, 189 N.E. 252 (Ohio 1934). Rather, we believe that the courts will recognize that the evil which the appropriation limit was designed to remedy does not exist when revenues are below the limit. Under those circumstances, a court would probably affirm an interpretation that restores the full lawmaking powers of the legislature to make appropriations in the best interests of the state. We believe the best way to resolve the ambiguity is to disregard the one-third allocation reserved for

3/ The reservation for capital projects and loan appropriation effectively restricts appropriations to finance the operating budget without restricting the relative share for capital projects. The operating budget finances all manner of essential programs for the preservation of the public health, safety, and welfare. Some of these expenditures are for so-called entitlement programs (aid for families with dependent children, for example) which for fiscal year 1982 comprised 42 percent of the operating budget.

capital projects and loan appropriations when economic conditions impose a limit which is more restrictive than that set out in section 16. ^{4/} The literal language of the constitution may be disregarded to avoid absurd results and to fulfill the apparent intent of the framers. Sturges v. Crowninshield, 17 U.S. 122, 202 (1819). Where the general welfare is involved, constitutional questions should be approached from the pragmatic, rather than from a legalistic point of view. State v. Board of Administration, 25 So. 2d 880 (Fla. 1946).

IV. ATTRIBUTION OF CAPITAL APPROPRIATION TO A FISCAL YEAR

Another question you have raised is how the words "appropriation ... made for a fiscal year" should be applied to appropriations for capital projects. AS 37.25.020 provides "An appropriation made for a capital project is valid for the life of the project and the unexpended balance shall be carried forward to subsequent fiscal years." This provision recognizes that capital projects often span more than one fiscal year before completion. The balance of the appropriation remains available in sub-

^{4/} Another possible interpretation would limit the operating budget allocation for a fiscal year to two-thirds of the total limit (\$2.5 billion) adjusted for inflation and population. This interpretation is consistent with our earlier observation that there may be no relationship between appropriations and revenue. However, even under this interpretation, in a fiscal year with depressed revenues, the one-third reservation for capital projects is meaningless.

sequent fiscal years and is carried forward to those succeeding fiscal years. According to the Department of Administration, as of June 30, 1982, the total of all "carry forward" capital appropriations was: approximately \$1,591,000,000, and the total of all "carry forward" operating appropriations was \$1,862,000,000.

The FCC debated the intent of the limit concerning this issue. Transcript at 47-55. It is clear that the FCC was aware that multi-year appropriations are made. There was an attempt by Representative Hugh Malone to amend the proposal so that a legislature could not appropriate for a fiscal year subsequent to the upcoming fiscal year. This amendment was not adopted. Senator Bill Ray observed that the intent of the amendment was to include only those appropriations which are expended during the fiscal year. According to Senator Ray, appropriations which remain unexpended at the end of a fiscal year should lapse. Transcript at 52. Representative Rick Halford interpreted the proposed amendment to make multi-year appropriations count against the limit each year because each succeeding legislature could amend or repeal these appropriations at will. During all of these discussions, no distinction was made between operating and capital appropriations. However, these comments probably referred only to multi-year operating appropriations. See Transcript at 65-66.

The debate on this issue discloses that the FCC was confused about the operation of carry forward appropriations.

They formulated the \$2.5 billion base by taking the fiscal year 1982 appropriation total and reducing that amount by \$60 million. Transcript at 2-5. However, 1982 appropriations were made based on forecasts of anticipated surplus for that fiscal year, reduced by expected expenditures for "carry forward" appropriations. We assume, therefore, that the drafters did not intend to count carry forward appropriations in the limit established for each fiscal year.

We believe that a commonsense way to interpret the appropriation limit, which is supported by past practice, is to count appropriations that are available for expenditure in a fiscal year only against the limit for the first fiscal year during which they could be completely expended. This should be done even if an unexpended balance is carried forward into the next fiscal year. That balance must be considered obligated for the purposes of the appropriation limit. Unexpended balances of a prior year appropriation should not be counted with the current year appropriations in complying with the limit for the current year. If the legislature provides that an appropriation may not be expended until a later fiscal year, the appropriation should be counted only against the limit for that later fiscal year.

V. DEFINITION OF THE TERM "CAPITAL PROJECT"

The appropriation limit amendment introduces the term

"capital project" to the glossary of words used in the Alaska Constitution. This new term causes some concern because a similar term, "capital improvement," is used in other sections of article IX setting out the general obligation bonding authority for local governments and the state. There are two Alaska Supreme Court cases which address the meaning of "capital improvement." See City of Juneau v. Hixon, 373 P.2d 743 (Alaska 1962); Wright v. City of Palmer, 468 P.2d 326 (Alaska 1970). The supreme court did not adopt an all-inclusive definition of capital improvement in those cases. Rather, the court concluded that there was nothing in the history of municipal bonding in Alaska or in the minutes of the constitutional convention that indicates that the term "capital improvement" was intended to denote projects radically different than those for which municipalities had been permitted to incur bonded indebtedness in the past.

When former Governor Hammond first introduced SJR 4, the proposed amendment consistently used the term "capital improvement." It was not until the second FCC took up consideration of the proposal that the term capital project was used. Senator Ray defined capital projects to be "what the definitive judgment of a majority of the legislature determines they are." Transcript at 22. This was in response to an observation by Representative Malone that many appropriations designated as capital differ little from items set out in the operating budget. Tran-

script at 21. Former assistant attorney general Rodger W. Pegues explained to the FCC that "we're using the term capital project which pretty much means the capital budget - areas where you are dealing with capital investment or long-term financing and the bulk of your spending. That's a broader term than 'capital improvement.'" "

There appears to be support in the history for an interpretation of "capital project" which includes more objects of expenditure than "capital improvement," which traditionally has been limited to public works of a permanent nature. 5/ It is possible, though, that the two terms will be construed to have the same meaning. The supreme court left room for the term "capital improvements" to acquire new meanings to accommodate the changing activities of state government. However, the appropriation limit implies that a general obligation bond may be issued for capital projects. 5/ It is probable that a court would find that not all capital improvements may be characterized as capital

5/ In recent years, opinions of the attorney general have somewhat broadened this interpretation to permit the use of bond proceeds to finance some unique activities under the Village Safe Water Act, see Inf. Op. Att'y Gen. (April 2; J-99-078-81); and to rehabilitate a leased jail facility. See Inf. Op. Att'y Gen. (Mar. 19; A66-398-78).

6/ Article IX, section 16 provides: "The legislature may exceed this limit in bills for appropriations to the Alaska permanent fund and in bills for appropriations in capital projects, whether of bond proceeds or otherwise, . . ." (Emphasis added.)

projects. A distinguishing factor may be that the constitution requires some permanent thing of value to show for the public debt incurred. A more liberal construction may be warranted when public debt is not incurred.

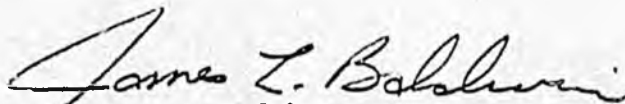
VI. CONCLUSION

The wording of the appropriation limit does not begin to live up to the high standards of clarity and simplicity adopted by the original framers of the Alaska Constitution. There are many who will regard this opinion as mere justification to exploit "loopholes" woven into the fabric of the amendment. However, we hope this opinion will provide the impetus to either adopt amendments to clarify the ambiguities noted or to enact legislation which interprets the amendment so that the ambiguities are avoided. We hope this opinion has answered your questions.

Sincerely yours,



Norman C. Gorsuch
Attorney General



James L. Baldwin
Assistant Attorney General

LETTER OF INTENT

2nd Free Conference Committee on SJR 4

The basic problem faced by Alaska is runaway growth in spending for state government operations and for capital projects. This growth is generated by revenues from resources which are nonrenewable and finite. Some limitation is therefore essential. The constitutional amendment proposed by the 2nd Free Conference Committee will provide a realistic limitation and yet allow, by popular approval, for expenditures in excess of the limitation for capital projects and for contributions to the permanent fund. Those who favor such expenditures can have no reasonable objection to the voters determining which capital projects and contributions are worthwhile and which are not.

The term "capital project" is used rather than the term "capital improvement" in order to have a broader reach. Capital improvements are pretty much limited to public facilities having a more or less permanent nature. Highways, airports, buildings, and ferries are examples. Capital projects include capital improvements and also other expenditures which require a multi-year investment or otherwise tend to fall into the category of capital costs as opposed to day-to-day expenses. Computers, large-scale resources inventories, and high-cost special equipment and instruments for libraries, schools, and museums are some examples.

In addition to limiting the excess appropriations to capital projects and contributions to the permanent fund, the proposed amendment requires bills for capital projects to be confined to capital projects of the same type. This is somewhat more narrow than the single-subject rule. It will require projects in a bill to be parts of an overall system. This will inhibit the packaging of diverse projects into one bill. As a further restraint on logrolling, the bills for excess appropriations are subject to the item veto, including the appropriation of general obligation bond proceeds which are in excess of the limit. Bond proceeds which are not in excess of the limit are not subject to an item veto.

There are three exclusions from the limitation. Debt service is necessarily excluded. An additional exclusion is provided for appropriations for permanent fund dividends. Non-state money, that is, money received from the United States or others to be used for specific purposes, is also excluded. This exclusion includes revenue bond proceeds, the revenues generated by the international airports, and other public enterprises which operate on revenue bonds. The first exclusion is required by the federal constitution's prohibition against impairing contracts. The other exclusions are provided because the use of the money for those purposes is not a part of the problem.

The proposed amendment requires the governor to cause any unexpended and unappropriated balance to be invested

so as to yield competitive rates to the treasury. The words "as prescribed by law" were not included so that the clause will be self-executing. However, the governor performs all executive functions in the manner prescribed by law, and the statutes on loan programs and investments will control here so long as they are consistent with the constitution's requirements.

Additionally, so as to eliminate any reasonable grounds for opposition by those who wish to relocate the capital, the resolution includes a transitional measure to exclude relocation costs, if they are approved at the 1982 general election, from the requirement of additional voter approval under the amendment. Another transitional measure provides for the amendment to take effect beginning with the budget for fiscal year 1984.

Finally, still another transitional measure places the amendment on the ballot again at the 1986 general election to allow it to be repealed by the electorate should it prove to be unworkable. If it is unworkable, the people will repeal it. If it works, they will not.

Sen. Bill Ray

Rep. Richard W. Halford

Sen. Donald E. Gilman

Rep. Robert H. Bettisworth

Sen. Frank R. Ferguson

Rep. Hugh Malone

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HR 245 Date on Bill: 3/9/83
 Title: advisory vote on continuation of permanent fund dividend distribution program
 Sponsor: M.M. Miller, Malone et al
 Requestor: House State Affairs Committee 3/24/83 1pm Rm. 102

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating				-0-	-0-			
Total								

b. Revenues:

Revenue								
---------	--	--	--	--	--	--	--	--

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

The cost to count the results of one ballot question is small compared to the overall costs of the General Election.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It does not represent the policy of the Sheffield Administration or the final estimate of fiscal impact.

Prepared By: TPTThoma, Information Officer Phone: 4611
 Division: Elections Date: 3/22/83
 Approved by Commissioner: _____ Date: _____
 Department: _____

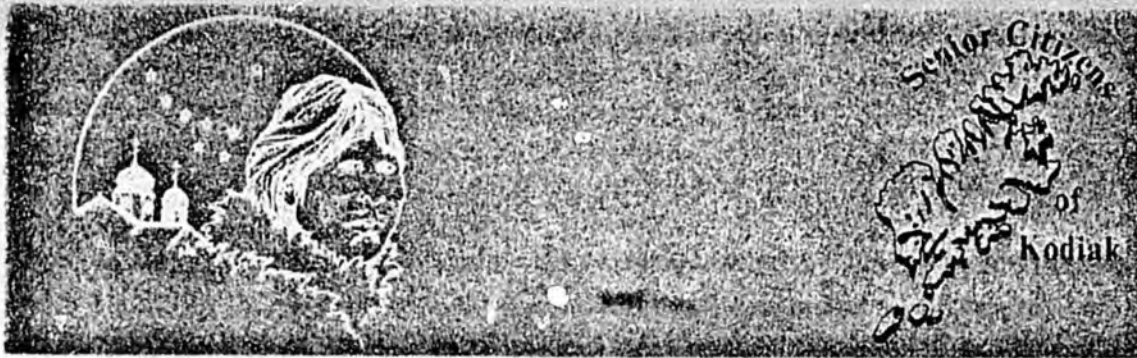
5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor

H B

249

BACKGROUND INFORMATION
ON PROPOSED
PIONEER HOME
NO. 1
KODIAK, ALASKA



Box 315
Kodiak, Alaska
99615
Dennis Murray
Project Director
Tel. 486-6181

4-18-83

Rep. Mitch Abood, Chairperson
House State Affairs
Pouch V
Juneau, Ak. 99811

Re: Testimony of HB 268--Pioneer Home

REPRESENTATIVE ABOOD, MEMBERS OF THE COMMITTEE:

I AM MARIANE FITZGERALD. I AM A LIFELONG RESIDENT OF THE STATE OF ALASKA. I WAS BORN ON FEBRUARY 29 SO I HAVEN'T CELEBRATED MANY BIRTHDAYS. I GUESS THE ONLY WAY YOU WILL KNOW THAT I AM A OLDTIMER IS BY MY GRAY HAIR.

I AM HERE TODAY TO TESTIFY IN FAVOR OF THE PASSAGE OF HB 268, THE DEVELOPMENT OF A PIONEER HOME IN KODIAK. AS I MAY OF POINTED OUT IN MY TESTIMONY RELATIVE TO THE SENIOR CENTER BILL, KODIAK HAS EXAMINED THE NEED FOR RESIDENTIAL CARE FACILITIES. OUR FOCUS WAS ON A UNIT WHICH WOULD BE ADJACENT TO OUR SENIOR HOUSING, AND WOULD ACCOMODATE 15-20 RESIDENTS. DURING THE COURSE OF OUR EXAMINATION WE DETERMINED THAT FUNDING FOR THE OPERATION FOR SUCH A FACILITY WAS NOT AVAILABLE. THE ONLY MECHANISM WHICH THE STATE FULLY FUNDS IS THE OPERATION OF ITS PIONEER HOMES. WE THEREFORE ASKED REPRESENTATIVE ZHAROFF TO INTRODUCE LEGISLATION FOR A HOME.

THERE ARE SEVERAL REASONS WHY THE STATE SHOULD LOOK AT KODIAK FOR A PIONEER HOME. THEY ARE:

- 1) OUR STUDY DETERMINED THAT IN THE KODIAK AREA ALONE THERE ARE 15-20 PERSONS DESIROUS OF RESIDENTIAL CARE.

- 2) CURRENTLY, KODIAK DOES HAVE A 19 BED INTERMEDIATE CARE FACILITY ATTACHED TO THE KODIAK ISLAND HOSPITAL. HOWEVER, THE KODIAK ISLAND BOROUGH HAS IDENTIFIED SEVERAL DEFICIENCIES WITH THE FACILITY AND IS EXAMINING THE PROS AND CONS OF REMODELING OR NEW CONSTRUCTION. (I HAVE A HANDOUT WHICH INCLUDES DATA FROM THE BOROUGH STUDY, AND OTHER INFORMATION HELPFUL TO OUR DISCUSSION OF THIS SUBJECT. LET ME PASS IT OUT AT THIS TIME.)
SHOULD THE DECISION BE MADE TO CONSTRUCT A NEW FACILITY, THE EXISTING FACILITY WOULD BE AVAILABLE AND ADAPTABLE TO A PIONEER HOME.
- 3) AS I HAVE STATED, KODIAK DOES HAVE AN INTERMEDIATE CARE FACILITY. HOWEVER, THE COST TO PERSONS WHO ARE NOT ELIGIBLE FOR MEDICAID IS \$156/DAY. IN A PIONEER HOME THE COST TO THE RESIDENT IS \$225 IN RESIDENTIAL CARE AND \$275 FOR NURSING SERVICES. A PIONEER HOME WOULD CERTAINLY BE OF GREAT BENEFIT TO MANY KODIAK RESIDENTS.
- 4) KODIAK CAN OFFER A RURAL SETTING WITH A STRONG SUPPORT SYSTEM FOR ALASKAN NATIVES. MANY OF THE ALASKAN NATIVES FROM THE ALEUTIAN ISLANDS, ALASKA PENNINSULA AND BRISTOL BAY AREA ARE OF THE RUSSIAN ORTHODOX FAITH. KODIAK OFFERS A VERY STRONG RUSSIAN ORTHODOX COMMUNITY.
(IT IS ASSUMED THAT THIS FACILITY WOULD HAVE A CATCHMENT AREA OF SOUTHWEST ALASKA, ALEUTIAN ISLANDS, ALASKA PENNINSULA AND KODIAK ISLAND)
MOST OF THE EXISTING PIONEER HOMES ARE IN URBAN AREAS. I FEEL KODIAK OFFERS AN ALTERNATIVE.
- 4) TO SOME EXTENT I HAVE ALREADY IDENTIFIED NEED. I WOULD LIKE TO DRAW THE COMMITTEE'S ATTENTION

4) CONTINUED.....

TO A LETTER WHICH OUR ORGANIZATION RECEIVED FROM THE DIVISION OF PIONEER BENEFITS REGARDING THE WAITING LIST FOR ADMITTANCE TO THE EXISTING PIONEER HOMES. YOU WILL NOTE THAT THERE WAS A WAITING LIST FOR EACH OF THE FACILITIES. IT APPEARS THAT EVEN WITH THE CONSTRUCTION OF THE FACILITY IN KETCHIKAN THERE CONTINUES TO BE A DEMAND FOR MORE BEDS. KODIAK WOULD OFFER THE OPPORTUNITY TO EXPAND THE SYSTEM TO ACCOMODATE THE DEMAND.

I BELIEVE I HAVE TRIED TO DENOTE REASONS WHY KODIAK IS THE LOGICAL SITE FOR THE NEXT PIONEER HOME. THE FACT THAT KODIAK MAY HAVE A FACILITY, I.E. OUR EXISTING HOSPITAL AVAILABLE IN THE NEAR FUTURE, CERTAINLY IS ENOUGH INCENTIVE FOR THE STATE OF ALASKA AND YOUR COMMITTEE TO EXAMINE OUR REQUEST IN A THOROUGH MANNER.

THANK YOU FOR THE OPPORTUNITY TO HAVE INPUT ON THIS IMPORTANT QUESTION.

MARIANE FITZGERALD

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF FAMILY AND YOUTH SERVICES

POUCH H-05
JUNEAU, ALASKA 99811
PHONE: (907) 465-3170

August 30, 1982

Ms. Mariane Fitzgerald
Steering Committee Chairperson
Senior Citizens of Kodiak
Box 315
Kodiak, Alaska 99615

Dear Ms. Fitzgerald:

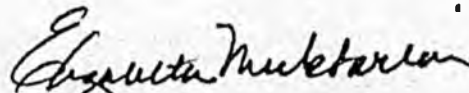
This is in reply to your letter of July 20, 1982. I apologize for the delay in responding to you. I am enclosing the Adult Residential Care Licensing Regulations and the General Relief Adult Residential Care Assistance Regulations for your use. It is permissible for adult residential care facilities to specialize in the type of care they provide, e.g., care for the mentally ill, care for the mentally retarded, or care for the frail elderly.

Eligibility for funding through the Division of Family and Youth Services' Adult Residential Care Program depends on the need statewide and the availability of funding. There are no funds available for funding any additional adult residential care facilities during the current fiscal year. Only licensed adult residential care facilities may be considered for funding.

I suggest you contact Gwen McAlpin, Community Care Licensing Specialist for our Southcentral Regional Office, located at 338 Denali Street, 9th Floor (telephone: 274-5686), for any additional information regarding licensing requirements.

If I can be of any further assistance, please feel free to contact me again.

Sincerely,



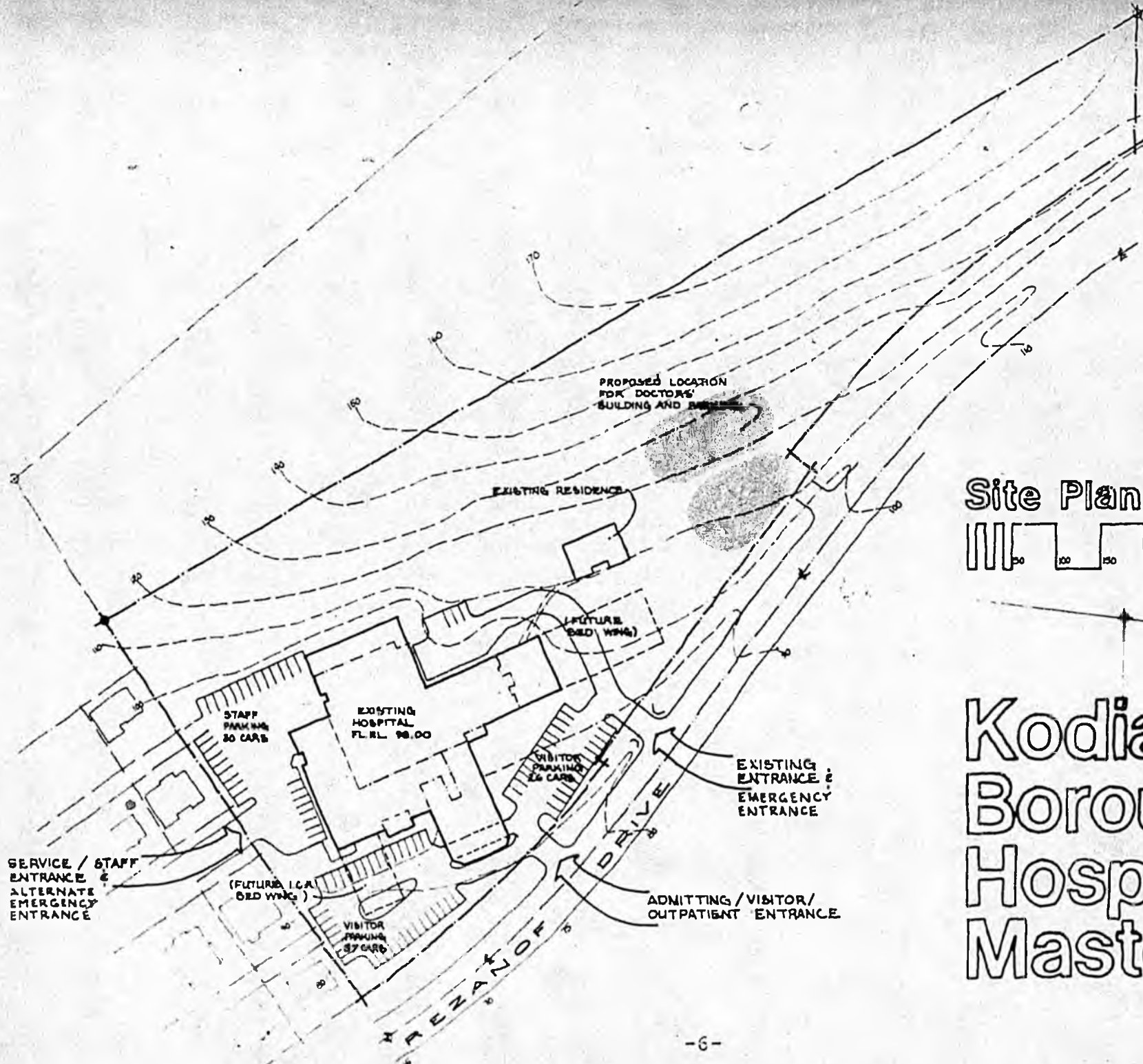
Elizabeth Muktarian
Adult Services Field
Administrator

Enclosures

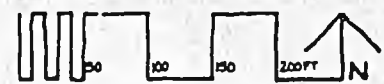
cc: Frank Dalley
RSSM, SCRO

Gwen McAlpin
CCLS, SCRO

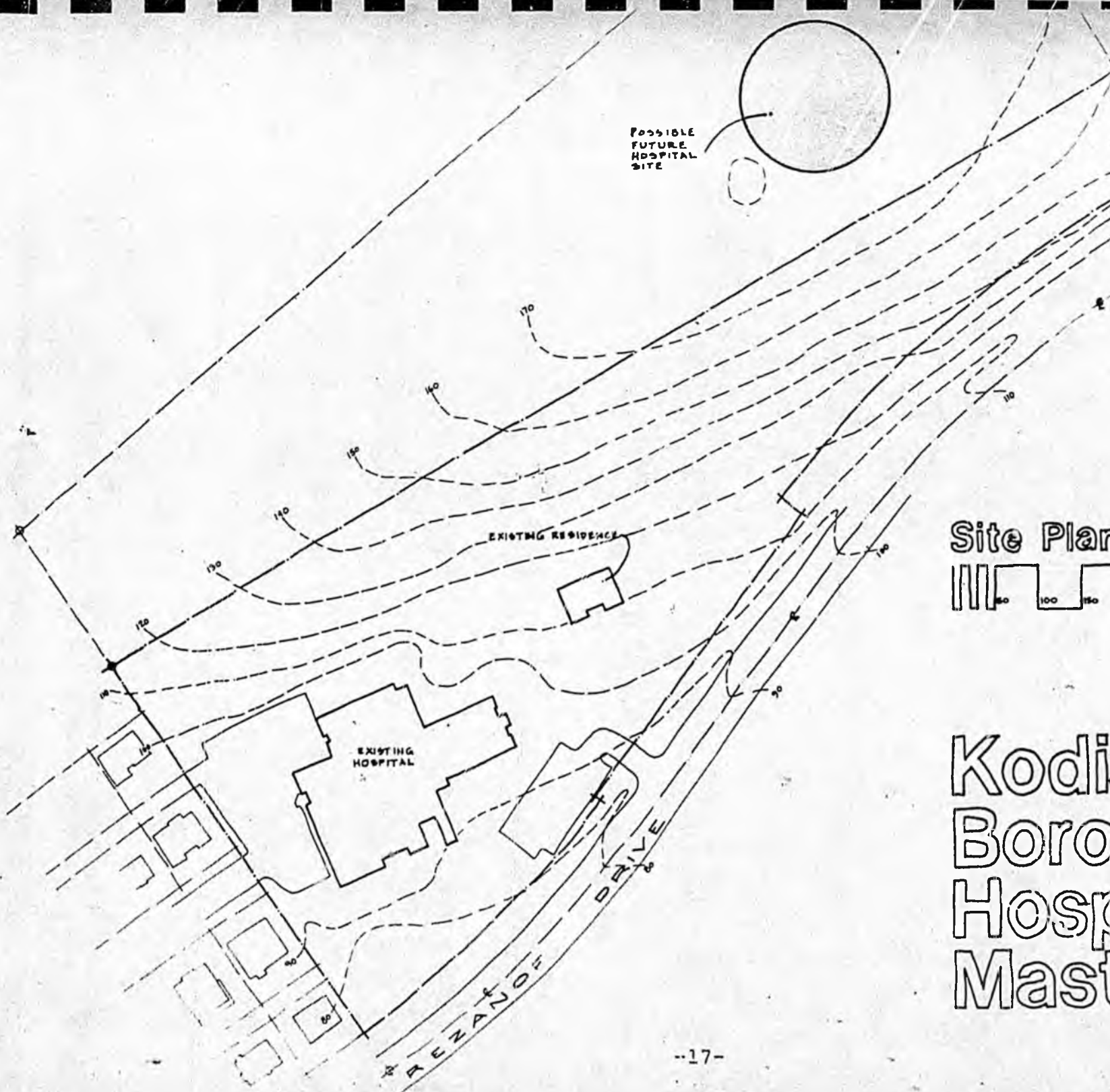
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Site Plan METHOD I



Kodiak Borough Hospital Master Plan



POSSIBLE
FUTURE
HOSPITAL
SITE

EXISTING RESIDENCE

EXISTING
HOSPITAL

REZANO
DRIVE

Site Plan METHOD II

Kodiak Borough Hospital Master Plan

November 11, 1982

Kodiak Island Hospital
Kodiak Island Borough
P. O. Box 1246
Kodiak, AK 99615

ATTN: Mr. Dave Waldron, Facilities Coordinator

RE Hospital Long Range Plan Implementation Study

Ladies & Gentlemen:

Your hospital prepared a "Long Range Plan" dated December, 1981. It has been formally adopted as the guide for developing the physical plant at the Kodiak Island Hospital.

The information included herein studies two methods of implementing that plan:

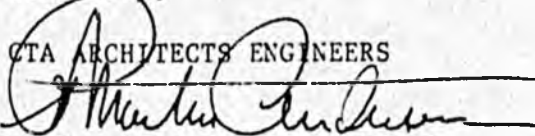
1. Method I - Renovate and add to the existing structure.
2. Method II - Build a new building.

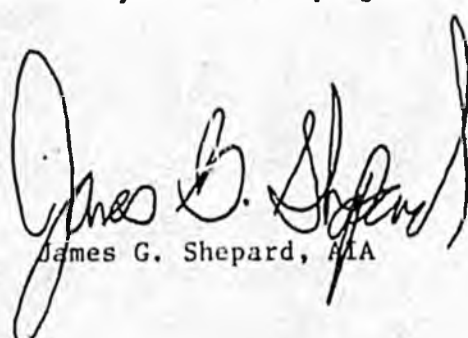
The following pages discuss the details of each method and compare costs. See the "Summary" section for a one page comparison.

We at CTA appreciate the opportunity to work with you on this project. If there are questions, please contact us.

Sincerely,

CTA ARCHITECTS ENGINEERS


R. Martin Anderson, AIA, PE


James G. Shepard, AIA

APPROACH

LONG RANGE PLAN, DATED DECEMBER, 1981

The Long Range Plan is the culmination of the efforts of many individuals and agencies in Kodiak. It was formally adopted by the Kodiak Borough Assembly in the first part of 1982.

PURPOSE OF THIS STUDY

This planning effort is to determine how to implement the Long Range Plan. (It is not a re-examination of that plan or its background data).

In meetings with Borough Hospital personnel in Kodiak it has been further determined that this study should compare two general methods of accomplishing the Long Range Plan:

Method I

Renovate and add to the existing building.

Method II

Construct an entirely new facility.

GIVENS AND/OR ASSUMPTIONS

1. For the purposes of this study the new facility would be considered to be on the same general site. (It is recognized that the final site selection has not been made and that the above assumption is not a position for or against this site.)
2. This analysis is to include the 10 additional acute care beds. See. Table XXIV b. following page 75 in the Long Range Plan.
3. The completed facility resulting from either Method I or Method II should be "state of the art" on the day that it is completed. The renovation, Method I, must be extensive enough so as not to compromise this requirement. All mechanical and electrical systems must also meet this condition.

4. Basing the cost comparisons on a life cycle cost considering first cost as well as life time owning and operating costs was considered. Life cycle costing was decided to be of only limited relevance and probably detrimental because:
 - a) As stated in paragraph #3 preceeding the completed projects are to be functionally as equal as possible thereby making staffing and operating costs equal.
 - b) Life time operating costs are much, much larger than first costs and will distort the importance and impact of first costs. As they would be equal it was decided to eliminate this irrelevant distortion.
5. All departments in the hospital must continue to function, and must function in the hospital, during a renovation project. This necessitates some additional phasing but is considered essential. ICU is a possible exception to this paragraph.
6. Costs are projected forward to a Spring 1984 construction bid date. It is assumed that costs will escalate at 5% from June, 1982 to June, 1983 plus 7% from June, 1983 to April, 1984.
7. During a renovation project hospitals lose a certain amount of revenue from operations. These items are loses of revenue and not costs as are building materials. They are real and must be considered but should not be additive to costs. Our estimates (guesses) as to these amounts are shown in the following pages as separate items from costs. Both must be considered in your decisions.

ANALYSIS PROCEDURES

The following documents were furnished by the Borough and Hospital and were used in this study.

1. Kodiak Island Hospital, Long Range Plan, December, 1981.
2. Review of financial operations of the Kodiak Island Hospital, March, 1982.
3. Financial statement Kodiak Island Hospital December 31, 1981.

4. Drawings of existing building and site (partial).

5. Inventory and Evaluation, Kodiak Island Hospital by ECI-Hyer, February 12, 1982.

During the course of this effort the study team met at least one time with the following individuals or groups. Minutes of those meetings are included as Appendix 5 of this report.

Kodiak Island Borough Assembly
Hospital Advisory Board
Public
Dan Van Wieringen, Administrator
Dave Waldron, Facilities Coordinator
Phil Shealy, Borough Manager
Tom Mungen, Lutheran Hospitals and Homes
Charles Olson, Lutheran Hospitals and Homes
Laboratory
: Medical Records
Respiratory Therapy
Dietary
Business Office
Purchasing
Physical Therapy
Housekeeping/Laundry
Administration
Pharmacy
Radiology
Physicians
Maintenance
Surgical Suite
Nursing Staff

METHOD I

This approach involves a 5 phase renovation and addition project in the existing building. The goal is to implement the needs of the Long Range Plan plus bring all mechanical and electrical systems up to current standards.

The phases are fully described on a following drawing sheet but are generally:

Phase I	-	Construct Additions
Phase II	..	Renovate new Lab and ICU
Phase II'		Renovate new Radiology and Pharmacy
Phase I'		Renovate new Emergency
Phase V	.	Any remaining renovation

The multiple phases are required to keep all departments in operation and to require each department to move only once from its existing location directly to its new one.

Concurrently with all phases listed above mechanical and electrical renovation will be proceeding. Every room in the hospital will be disturbed to some degree at some time during the project to accommodate these system changes. These systems will necessarily be almost entirely replaced. See Appendix 2, Mechanical and Appendix 3, Electrical.

On completion of this phased program the departmental locations and functional relationships are as shown on Main Level and Entrance Level (lower level) Schematic Floor Plans on following sheets.

Costs for Method I are itemized in a following section. They are based on square foot prices applicable to the Kodiak construction market.

METHOD II

This alternative builds an entirely new facility. For pricing purposes it is assumed that the new structure will be on the existing site. The existing building will be renovated to other less demanding uses.

It is beyond the scope of this study to schematically lay-out the new facility. Pricing is based on the programmed building areas as listed in Appendix 1. Square foot prices applicable to the Kodiak construction market are then applied.

SUMMARY -
COSTS AND TIME
Revised 15 Nov.'82

METHOD I - RENOVATION AND ADDITIONS

Estimated Construction Project Cost	\$8,885,100.00	
Renovate ICF	674,200.00	
Estimated Total Project Cost		\$12,345,300.00
- See pages 11 thru 16		
Possible Loss of Income	\$ 377,900.00	
Project Construction Time		28 Months

METHOD II - NEW BUILDING

Estimated Construction Cost	\$10,337,000.00	
Replace ICF (same size)	1,633,900.00	
Estimated Total Project Cost		\$15,070,900.00
- See pages 20 thru 21		
Loss of Income	None	
Project Construction Time		18 Months
(See Sheet 21 for existing building renovation costs)		

NOTES: 1. Estimates assume bidding in April, 1984.