

ALASKA LEGISLATURE COMMITTEE FILES 1987-88 8672

4444 HCRA HB 1 (FILE 1)

6



RAILBELT SCHOOL DISTRICT

Local Boundry Commission Component
December 22, 1987
Page 3

Realistically, we ruralites understand that program equity in education is probably impossible - that the economy of scale makes providing educational and most other services much more efficient in the more densely populated urban areas than in the rural areas. From our perspective, an increased level of services is both more required and more efficiently provided as the population density increases and that while in our area the levels of service are very significantly lower than in most urban areas in the state, we are also not being asked to pay for an inefficient attempt to provide those services. Things balance out!

There is a corollary here also. While we don't expect a government to provide the various services provided in urban settings, there is an unwritten code in the rural areas that one must do his/her part through volunteering, donations, etc., to provide basic services that are determined to be needed - i.e. - emergency medical aid, firefighting, education, day care, road clearing, and the list goes on. The formation of regional governments usually has the distinctly negative effect of causing the aforementioned volunteerism to drop off sharply.

While we have never done a study on this, we strongly suspect that in sparsely populated areas, the informal providing of services through volunteers is really a more efficient mechanism than is a regional government. Further, we would then anticipate that below some point in population density the formation of a regional government would cause a drop in the levels of service actually reaching the majority of the residents of the area.

To give credit where credit is due, the authors of the study do quietly acknowledge that regional governments won't work in some areas, and if there is a single point to this lengthy missive - it is - regional governments should be formed only when it is demonstrably shown that they will help the residents. Regional governments should not be formed to satisfy urban residents' and/or politicians' narrow and incomplete perspective of "equity."

Sincerely,

RAILBELT SCHOOL DISTRICT BOARD

Gerald R. Moberg
Chairman

8861
H61
File
NWT
EJW CRA
Mike Coombs
P. O. Box 325
Nenana, AK 99760

(P-1)

Representative Henry Springer
P. O. Box V
Juneau, AK 99811

December 24, 1987

Dear Henry,

Representative Larson says this HB#1 is in your committee. As you can see by the enclosed copy of our letter to Mr. Larson, we do not think very much of the idea. Given the opportunity, we would expand our ideas on it much more.

We would very much like to have you delay action on the bill for this session. No one that we have talked to has been in favor of it. Any hearings on it in this area will, I believe, bring a negative response.

If you are ever in the area, make sure to stop and say hello.

Sincerely,

Mike Coombs

JAN

4 1988

P-2

Mike and Barbara Coombs
P.O. Box 325
Nenana, AK 99760

Representative Ronald Larson
P.O. Box 53
Palmer, AK 99645

November 20, 1987

Dear Representative Larson:

Having read your article in the November 1st edition of the Fairbanks Daily News-Miner, regarding the formation of borough governments, I thought to convey my ideas on the subject. As I live in the Healy-Nenana area, passage of your bill would have a direct effect on me and my family's lifestyle.

I am in disagreement with you on almost every point you made in your argument.

Your first point was that each newly organized borough would receive \$600,000 from the state. I suggest that this money will do no more than put in place a taxing authority - a new level of bureaucracy that will have to be supported by the residents within its boundaries. That amount of money would go nowhere in setting up a workable government. (I find it very telling that your first word on the subject was the money the state would hand out to gain its end; though, after all, this ploy has proven to work so well.) It only sounds to me as if you are asking the local governments to "sell out" what control they now have for \$600,000; after three years the money is spent and they have in place a borough government, a monster, they will not be able to get rid of - a monster that will take how many more thousands of dollars to continue to support?

Your next point is the 10% land selection: this sounds good on the surface, but in reality many of the areas do not have much state land within their boundaries to select from - the most valuable land is already taken. Besides that, take a look at the track record of the existing organized boroughs - those lands have not eased many of their problems.

Regarding your point on revenue sharing: I believe that if you attended your borough meetings you would discover that the reality of the situation is that federal and state revenue sharing is diminishing fast. The services these funds could finance, such as

the public services that you quoted, are being met sufficiently in the unorganized areas with the means already available to them.

As for bonding powers: That is one of the biggest problems right now facing all governments in the state. With almost 30% of the state budget going for debit services, there is only danger in that path: what is good in a flood of oil dollars is not necessarily best now. One poignant example is the heavy load the Kenai Peninsula Borough taxpayers find themselves under at this time.

You bring out a point that the people would be taking for themselves the powers and functions that now lie in the hands of the state legislature. This also sounds promising, but in reality it does not work that way. Ask the people in your area if they feel they have much control over the bureaucracy that dictates their daily lives. Government doesn't help an individual to do a thing, it puts obstacles in his path - fees, licenses, restrictions, ..red tape. At a time when we must diversify the economy and break away from government dependancy, we should not make the process more difficult by adding more layers of government.

We who live in the outlying areas do so by choice; we do not feel a deprivation of those services, those "benefits", of which you promise a borough could provide.

Let me point out what I see as the benefits of the status quo:

Foremost is the lack of interference in my daily life. The physically further away the seat of government is, the less impact it has on one's daily existence. We here, of all the people in the U.S., have the privilege of owning our own homes - and not "renting" them from any government or agency (i.e. property taxes.) This may sound extremely radical to those who have, and who have always had, the burden of such taxes - but fail to pay that "rent" and see who really owns your house. Take a close look at the unorganized boroughs, and take into account all the lands that will remain non-taxable, and it becomes clear that the burden that will rest on those who will be taxed will be heavier than they will be able to carry.

One thing that you failed to mention in your article is that HB#1 is directed to force the rural areas to pay 30% of the cost of their schools. Most of these areas do not have the tax base to support that amount of funding. Those that do, have most generally already taken over school funding - those areas where the population

is big enough to warrant such a move. Your bill as written would take away their control and give it to a borough - a very unpopular idea.

Borough form of government to cover large under-populated areas does not work: only the centers of population of the borough are able to reap any of whatever benefits might be gained - leaving to their outlying areas a few garbage dumpsters, more restrictions, and property taxes. Ask the people living in such situations!

When such time arrives that the bush areas develop a population and a tax base to warrant a need for the (dubious) benefits a borough form of government could provide, perhaps such a move should be considered. We are far from that point now. May I suggest that misery loves company? - and those who find themselves weighed down under property taxes and huge bonded-indebtedness due to the benefits of their borough governments may feel such sentiments toward their fellow Alaskans who live outside those boundaries. Please, don't drag us into the morass with you.

Sincerely,

cc: The Fairbanks Daily News-Miner
Representative Richard Shultz

Alaska
MUNICIPAL
League

TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801



CRA

post

January 4, 1988

JAN 11 1988

The Honorable Henry Springer
House of Representatives
P. O. Box 352
Nome Alaska 99762

Dear Representative Springer:

On behalf of the Board and staff, thank you for your time and participation as a panelist at the 1987 Conference held in Anchorage. The 37th Annual Local Government Conference is history but it lives on in the 1988 Policy Statement and resolutions adopted at the Business Meeting held on Friday, November 13, 1987, and in the minds of municipal officials who attended and who have new skills and knowledge to better serve the people of Alaska.

It is important that knowledgeable individuals such as yourself and others from all levels of the public sector, as well as the private sector, are available to exchange viewpoints with municipal officials on issues affecting local governments in Alaska. The discussion and development of AML policy was improved, and learning enhanced, by your contribution of expertise and experience.

I never know whether the annual conference marks the end or the beginning of the year for the AML. I do know it is a lot of work. And, I do know that your participation was well received and helped make it another successful conference.

Once again, we appreciate your time, energy, and participation in helping make the 1987 annual conference a success.

Sincerely,

Scott A. Burgess
Executive Director

CITY OF NUNAPITCHUK

P. O. BOX 190 NUNAPITCHUK, ALASKA 99641
(907) 527-5327

(R)

for CRA
NOTA
JAN 11 1988


December 29, 1987

Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Attn: Henry Springer, Chairman
House Comm. & Reg. Affairs Committee

We are in receipt of your staff report on the SSHB1, conversion of REAA's into third class boroughs, and providing for an effective date. In a public meeting yesterday, Nunapitchuk City Council discussed this issue and our consensus is in total opposition of this provocation for reasons of property taxes that will eventually clean out land owners. Land owners at the AVCP region before reconveyance are the Village Corporations and the revenues earned are not stable enough for this kind of change. Eventually, property tax imposed on the low income will enable them to lose what small property they may have. As soon as reconveyance occurs under the 14(c) provisions of the famous ANCSA act they will be up for tax which will lead to losing their lands. And these lands are their homeland from time immemorial. Their culture will be gone. For these reasons, Mr. Chairman, we respectfully request the legislature not to adopt this legislation that will provoke communities all across the proud State of Alaska. Thank-you for this opportunity to address our sincere concern.

Truthfully,


Ivan N. Wassillie/Mayor

INW: ejw: ga

cc: Senator John Binkley
Representative Lyman Hoffman
Representative Ron Larson
Representative Curt Menard
files

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CRA
Pu

JAN 11 1988

Box 117
Healy, Alaska 99743

January 8, 1988

Henry Springer
Pouch V
Juneau, Alaska 99811

Dear Mr. Springer,

Last night we attended a very large public meeting at the Tri-Valley Community Center regarding the implementation of House Bill No. 1 or its substitute. It seemed as if everyone in the REA attendance area was present and they seemed to be unanimously opposed to any form of self-government. We, Jerry and I, are well aware that this bill or any other form of imposed self-government would not be passed without at least one public hearing but the leader of the kangaroo court, Mike Coombs, was of a different view. We seem to be in need of some direct information on what to do or not to do to repel an imposed borough or borough type government in this area.

Just for the record, Jerry and I are both opposed to House Bill No. 1 and its substitute.

On an entirely different matter, we hope that you are supporting Senator Coghill on Senate Bill 206 and on his efforts to obtain funding for electrification of the stretch of highway between Denali Park and Cantwell. We feel that it is a real shame that the gateway to the number one tourist attraction in the state is still without power and must be handicapped in an effort to develop commercial facilities that will enhance and support the economic development of our state.

Sincerely,

Elaine & Gerald Pollock

Elaine and Gerald Pollock

C.C. Jack Coghill

STEVE COWPER
GOVERNOR



Copy from Gov. Off.



JAN 13 1988
CRA

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 6, 1988

Ms. Adina B. Knutson
P.O. Box 26
Chitina, AK 99566-0026

Dear Ms. Knutson:

Thank you for your recent letter concerning borough government in the Copper River Basin.

As you are aware, a bill (SSHB 1) is currently pending before the Legislature which would create boroughs throughout the unincorporated regions of Alaska. The effects of that Legislation are complex and have far reaching consequences.

Because of the nature of the bill, the Legislature directed the Department of Community and Regional Affairs (DCRA) to prepare a report examining the issues involved. Enclosed for your consideration is a copy of two draft publications prepared by DCRA in this regard. Your comments on these draft publications would be appreciated. Comments should be sent directly to the address noted in the letter which accompanies the drafts.

You have expressed the desire for the state to "guarantee" the boundaries of the region in which you live. There is no means to provide such a guarantee. However, any proposed change to the boundaries would undergo careful review.

While the Matanuska-Susitna Borough has expressed its intention to propose the annexation of a portion of the Copper River region, a petition for the annexation has not yet been filed. When the annexation petition is filed, it will go before the Alaska Local Boundary Commission. The Commission will act on the petition using standards and procedures set out in state law. I have included a copy of the standards and procedures which would be used by the Commission in dealing with the annexation proposal.

If you have any further questions concerning the aforementioned material, it would be best to contact either Dan Bockhorst or Gene Kane directly at the following address or telephone number:

January 6, 1988.

Dan Bockhorst or Gene Kane
Local Boundary Commission Component
Department of Community and Regional Affairs
Municipal and Regional Assistance
949 East 36th Avenue, Suite 404
Anchorage, Alaska 99508
Telephone (907) 561-8586

DCRA has been working with a group of residents in the Copper River Region for the past several months on matters such as those discussed in this letter. The group calls itself the Copper Basin Borough Information Committee. The Chairman of the Committee is Duste Bonin of Copper Center.

I hope that this letter is helpful. Thank you for your inquiry.

Sincerely,

Steve Cowper
Governor

Enclosures:

SSHB 1
draft "Regional Government in Alaska"
draft "Regional Government Study"
standards/procedures for borough annexation

cc: Senator Arliss Sturgulewski
Alaska State Senate

Representative Henrich Springer
Representative Ron Larson
Representative Curt Menard
Alaska State House of
Representatives

David Hoffman, Commissioner
Marty Rutherford, Director, MRAD
Department of Community and
Regional Affairs

TELEPHONE RECORD

3

DATE:

8 Jan 88

FROM:

Mr. Latten, Clear Ak

PLACE:

JAN 13 1987

SUBJECT:

HB1

against it.

meeting @ Healy, several

100 (200) people there

meeting strongly against HB1

which Combs organized meeting

should have some one explain

to people what the subject is

see about; please - business.

for CRA

PHONE CALL

FOR Kenney DATE 1/8 TIME 10:20 A.M. P.M.

M Tom Brunel

OF Healy

PHONE AREA CODE NUMBER EXTENSION

MESSAGE definitely against

HB #1 not wanted

you to know

SIGNED

TELEPHONED
RETURNED YOUR CALL
PLEASE CALL
WILL CALL AGAIN
CAME TO SEE YOU
WANTS TO SEE YOU

TOPS FORM 4003

CRA file
101
HB1

of

①

1/14/88

Nels Anderson, Bristol Bay, called.

HB 1

Transition to third class boroughs was about \$600,000.

Now it would be about 1.2 million.

W

JAN 14 1988
SN

Jan 10, 1988
Box 437
Nenana, AK. 99760

Chairman
Representative Henry Springer
Box V
Juneau, AK. 99811
Sir,

I am opposed to HB# I sponsored by Larson and Menard. I don't want or need borough government. Also, the power that the Dept of Community and Regional Affairs has, needs to be curtailed in this area.

Please read the Dept's draft report on the formation of boroughs. I don't want a bureaucrat deciding this for me. I am asking you to look into this and vote against this bill.

We wouldn't have a third class borough anyway since the legislature outlawed the formation of more third class boroughs in 1987. So who is Larson and Menard trying to kid anyway?

Thank you,
Louis Waitt

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

(W)

JAN 14 1988
SW

Jan 10, 1988
Box 437
Nenana, AK. 99760

Chairman
Representative Henry Springer
Box V
Juneau, AK. 99811
Sir,

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We wouldn't have a third class borough anyway since the legislature outlawed the formation of more third class boroughs in 1987. So who is Larson and Menard trying to kid anyway?

Thank you,
Louis Waitt

DISTRICT OFFICE

BERING STRAIT SCHOOL DISTRICT

P.O. BOX 225

UNALAKLEET, ALASKA 99584

(907) 624-3611

December 18, 1987

JAN 15 1987

Local Boundary Commission Component
Municipal and Regional Assistance Division
949 East 36th Avenue, Suite 404
Anchorage, Alaska 99508

BREVIK MISSION

RE; Regional Government Study

COUNCIL

DIOMEDE

Dear Sir or Madam:

ELIM

Pat Poland, Deputy Director of the Department of Community and Regional Affairs, has provided me with a copy of the Regional Government Study. Since that is a draft report, I appreciate the opportunity to submit written comments.

GAMBELL

GOLOVIN

KOYUK

SAINT MICHAEL

SAVOONGA

SHAKTOOLIK

SHISHMAREF

STEBBINS

It appears almost certain that during the upcoming legislative session, I and others from the Bering Strait region will have an opportunity to present our views in depth on whether or not municipal governments should be formed in the Unorganized Borough and specifically in the Bering Strait region. For now, my comments will be concise and to the point.

TELLER

UNALAKLEET

WALES

WHITE MOUNTAIN

Had the Department of Community and Regional Affairs limited the draft report to a factual analysis of the legal ramifications of the various forms of municipal governments available in the Unorganized Borough, my comments, if any, would have been so directed. However, the draft report is actually a forum for the Department to express its view as to what is "the best choice" as to the form of municipal government in the Unorganized Borough.

Unfortunately, the Department has decided what is "the best choice" and made "certain important conclusions" without having considered and analyzed the views, hopes, aspirations, concerns, and desires of the people who live in the Unorganized Borough. Incredibly, the Department states in numbered paragraph 4 on page 16 of the draft report that "Ideally, residents of unincorporated regions would seek to form boroughs on their own initiative. However, reality indicates that this is not likely to happen. Without some compulsory action, it is unlikely that many unincorporated regions of the state will form boroughs in the foreseeable future".

[DCRA DRAFT Report attached to original]

December 18, 1987

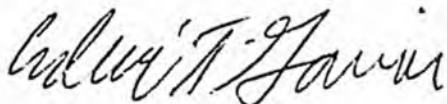
Page Two

The Department's report would be of greater value had it determined why the Department's view of the "ideal" has not become reality, why those of us who reside in the Unorganized Borough have not sought to form municipal governments, and what our views are on the proposed "compulsory action".

Rather, the Department, in analyzing the "status quo", i.e., the current state of affairs, reaches its conclusions on the basis of a number of stated concerns that the Department "has been exposed" to. The individuals, groups, or other entities that have apparently expressed those concerns are not identified. The concerns are not analyzed in any sense as to their validity. Rather, the fact that such concerns are expressed seems to be the driving force behind the Department's rejection of the status quo. An example is the concern that the status quo "may be a violation of the Constitution". While the report quotes from Article X, Section 2, it fails to discuss Article X, Sections 3, 4, 5, or 6. The draft report uses the alleged existence of the concern as impetus for its recommendations as opposed to considering and dealing with the merits of the concerns.

In closing, I thought that we were a government "of the people, by the people". It now seems that in the Unorganized Borough, we are to become a government by the government, for the government, demanded by the government. -

Sincerely,



Edwin T. Gonion
Superintendent

cc: Bering Strait School District Board of Education
Senator Willie Hensley
Representative Henry Springer
Representative Al Adams

(22) SSHB1



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y. State Capitol
Juneau, Alaska 99811
(907) 465-3591

January 24, 1984

MEMORANDUM

FROM: Jay Livey
Legislative Analyst

RE: Service Delivery in the Organized and Unorganized Borough
Research Request 83-223

You asked that we compare the delivery of services to residents of the organized and unorganized borough. To do this, we have compared the basic community services of education, sewer, water and public safety in two organized boroughs--Matanuska-Susitna and Kodiak Island, and two areas of the unorganized borough--the Lower Yukon REAA and the Yukon Flats REAA.

In the course of our research, we realized that the listing of available services offered no explanation for the differences in service delivery. Therefore, in an attempt to establish the context in which services are provided to rural Alaska we have included an examination of two additional topics: (1) the current service delivery system in the unorganized borough and (2) borough incorporation issues.

DESCRIPTION OF SERVICE DELIVERY ORGANIZATION IN RURAL ALASKA

This portion of the memorandum examines the variety of service delivery organizations that exist in the unorganized borough and offers a brief analysis of the effectiveness of these organizations as service delivery vehicles.

As noted in a Department of Community and Regional Affairs publication (hereinafter cited as DCRA report):

... in many respects the adjective "unorganized" is not appropriate for rural Alaska. Although the area is not organized into Boroughs under State law, rural Alaska sports an extraordinary amount of formal organization and government."¹

The following four types of entities which provide services to rural areas of the State will be discussed:²

- local governments,
- economic profit corporations,
- nonprofit development and service corporations, and
- legislatively created service areas.

LOCAL GOVERNMENTS

Two basic types of local governments exist in rural Alaska, those chartered by the State government and those chartered by the federal government. State-chartered governments are organized under the authority of the Alaska Constitution through Title 29 of the Alaska Statutes. Federally chartered governments are Native organizations that are either traditional governing councils or village councils formed under the Indian Reorganization Act.

¹State of Alaska, Department of Community and Regional Affairs, Division of Community Planning, Problems and Possibilities for Service Delivery and Government in the Alaska Unorganized Borough, September, 1981, p. 21 (hereinafter cited as DCRA report).

²A portion of this discussion relies heavily on: David Case, The Special Relationship of Alaska Natives to the Federal Government, Alaska Native Foundation, 1978.

State-Chartered Municipalities

Governments organized under State law are of two types: (1) home rule municipalities which can possess all government powers not reserved for State law; and (2) general law municipalities which possess all powers delegated by statute. General law governments provide services to residents through the exercise of the following powers:

1. general powers which allow the government to function as a corporate entity (collect taxes, hire employees, acquire and sell property);
2. regulatory powers which relate to public rights-of-way, animal control, public safety, building codes, etc.; and
3. the power to exercise areawide powers such as education, planning and zoning.

Currently, of the 222 villages determined eligible for land claims status by the Bureau of Indian Affairs, 103 are not organized municipalities under Alaska law. Regional nonprofit organizations, traditional councils, and councils formed under the Indian Reorganization Act (IRA) provide some of the services that municipal governments in these communities would normally offer.

Traditional Village Governments

David Case, in The Special Relationship of the Alaska Natives to the Federal Government, maintains that traditional Alaska Native governments have inherent governmental authority unless the federal government has in some way diminished it. Unless modified by Congress, Alaska villages with traditional councils have inherent powers of self-government to:

adopt and operate under a form of government of the Indians' choosing, to define conditions of tribal membership, to regulate domestic relations of members, to prescribe rules of inheritance, to levy taxes, to regulate property within the jurisdiction of the tribe, to control the conduct of members by municipal legislation, and to administer justice.³

However, Mr. Case also points out that because Alaska falls under the authority of Public Law 83-280, which grants to states some measure of

³David Case, The Special Relationship of Alaska Natives to the Federal Government, p. 130.

civil and criminal jurisdiction over Native Americans, not all of these powers can be exercised by traditional councils.

In addition, the State of Alaska challenges the view that villages in Alaska are considered to be tribes.⁴ Assistant Attorney General Doug Mertz notes that according to an opinion of the Attorney General's Office, Metlakatla is the only recognized tribe in the state, and therefore, the only village that has inherent powers of self-government as recognized by Indian Law. State law, then, does not recognize the powers of traditional councils to exercise all of the local government powers described by Mr. Case. However, traditional councils can perform some functions of local government because they are recognized by the federal government for purposes of delivery of federal services and programs.

The Bureau of Indian Affairs reports that, as of July 1982, there were 77 villages in Alaska in which the traditional council was the sole form of municipal government.

Indian Reorganization Act Governments (IRA)

The IRA passed in 1934 and amended in 1936 to include Alaska, allows Alaska Natives to organize through the adoption of a constitution and bylaws on the basis of "a common bond of occupation, or association or residence."

The traditional governments' inherent powers are not diminished by the IRA. Section 16 of the IRA provides that:

In addition to all powers vested in any Indian tribe or tribal council by existing law, the constitution adopted by said tribe shall also vest in such tribe or its tribal council the following rights and powers: to employ legal counsel...; to prevent the sale, disposition, lease, or encumbrance of tribal lands...without the consent of the tribe, and to negotiate with the Federal, State and local Governments.⁵

⁴The villages of Venetie and Arctic Village are currently engaged in a controversy with the State of Alaska over this issue. These two IRA villages dispute the State's jurisdiction over such areas as the management of fish and game resources and contend that these are tribal powers that the villages should exercise.

⁵David Case, The Special Relationship of Alaska Natives to the Federal Government, p. 130.

According to David Case, it has been assumed that "vested powers" refers to the inherent powers of village governments.⁶ Therefore, as with traditional councils, the State of Alaska does not recognize IRA councils as possessing inherent powers of self-government. However, the State does recognize the IRA councils as a legal entity and will contract with them for services, as will the federal government. According to the Bureau of Indian Affairs, as of 1982, there were 71 IRA councils scattered throughout rural Alaska. Like traditional councils, their powers of self-government are influenced by lack of State recognition, but they do provide services through service grants and contracts.

ECONOMIC PROFIT CORPORATIONS

As long ago as 1936, Native profit corporations were able to organize under Section 17 of the Indian Reorganization Act. However, it was not until passage of the Alaska Native Claims Settlement Act (ANCSA) in 1971 that profit corporations spread throughout most of rural Alaska. ANCSA required that 13 regional and 200 village profit corporations be formed to receive the proceeds from the Settlement Act.

ANCSA corporations, because they are also incorporated under State law have all of the powers permitted by the Alaska Business Corporation Act unless specifically limited by the act. However, it also appears that ANCSA corporations, through the Indian Self-Determination Act, are eligible for federal contracts and grants as long as they permit the "maximum participation" of Natives.

This does not mean, however, that the ANCSA profit corporations are social service agencies. On the contrary, regional corporations are legally required to pursue profit making activities. Similarly, village profit corporations, because they fall under the Alaska Business Corporation Act, are supposed to use their best efforts to make profits for their shareholders. In addition to these legal issues, these corporations do not necessarily have capital available to use for social problems while still retaining an economic base for future financial viability. Consequently, it is unlikely that profit corporations will become the vehicle for local government services in rural Alaska.

NONPROFIT DEVELOPMENT and SERVICE CORPORATIONS

After the passage of ANCSA, twelve nonprofit regional corporations were established to deliver social services to rural Alaska. These regional nonprofits, whose funding derives mainly through contracts with the State and federal governments, have been characterized as quasi-regional governments.

⁶Ibid.

Generally, the services that these corporations offer fall into the areas of health, education, housing, employment assistance and social services. Most of these activities occur through federally funded programs that are targeted to Alaska Natives, although some services are provided through State contracts.

However, the ability of these organizations to act as more than service delivery vehicles, i.e., to assume the power and responsibilities of local government, is limited by several factors. First, even though they provide social services, these nonprofit corporations cannot pass laws or exercise taxation, police or other regulatory powers. These powers are specifically reserved by statute and the constitution for the various forms of local governments created by the legislature.

Secondly, the nonprofit may have representational problems. Although in many cases these organizations are directed by elected representatives, the directors may not be subject to the same accountability as are elected municipal officials. In addition, the election procedures may not be as rigorous as those imposed by the election authorities of the State.

Finally, the nonprofits do not have a source of nondesignated revenue that can be applied to general community needs. Money flows to these corporations through service grants and contracts that designate specific uses for the funds. Many times these uses have not been based on local need, but on the availability of the money from the State or national funding source. This funding process lessens the effectiveness of the nonprofits in meeting specific local needs.

LEGISLATIVELY CREATED SERVICE AREAS

Section 6 of Article X of the Alaska Constitution authorizes the legislature to "provide for the performance of services that it deems necessary or advisable in unorganized boroughs."⁷ The legislature has chosen to provide education and planning services to the unorganized borough through the establishment of Regional Education Attendance Areas (REAA) and Coastal Resource Service Areas (CRSA).

REAA's were formed primarily as a means of providing the unorganized borough more local control of schools than was previously enjoyed under the State Operated School organization. REAA school boards are locally elected and are given authority to make policy and operate the school system. These twenty-one school districts, funded directly by the legislature, provide education to all areas of the unorganized borough.

⁷Constitution of the State of Alaska, Article X, Section 6.

The DCRA report notes that, generally, most residents of the unorganized borough view REAAs as a positive step for the provision of educational services. Positive attributes that were cited include a greater amount of local control, strengthening of regional identification and establishment of boundaries that can be used for future rural organization. In addition, the State funding of REAAs was cited as a way of providing services to areas that otherwise would not have the resources to provide a comparable level of service.

The Alaska Coastal Zone Management Act of 1977 used the REAA units as the basis for developing district coastal management programs in the unorganized borough. One of the problems encountered in implementing these service areas was the lack of appropriate regional organizations with the capacity to inform residents about coastal management and carry through with the development of coastal zone plans. In some areas, the regional nonprofit corporations were able to fill this role, while in other areas, boundary problems have limited their effectiveness.

In spite of the initial administrative problems, many people that we talked with were enthusiastic about the program. Helga Eakon, Coordinator of the Bering Straits Coastal Resource Service Area Board, commented that the program was helping to create a regional perspective by bringing people in her area together to focus on regional issues.⁸ Abby Arnold, Coordinator of the Aleutians East CSRA Board, thinks that the service area concept is good because it encourages local participation in regional development issues.⁹ In addition, because the service area is established for a specific reason, it allows regional participation to evolve at a pace that is more comfortable for participants who are not accustomed to considering regional issues.

One criticism of Coastal Resource Service Areas as planning entities is their lack of implementation authority. Although each area has the authority to develop a plan, there is no regional body that has the power to implement the plan through land use controls and zoning. This leaves the responsibility for implementation to State and federal agencies through the concept of consistency, whereby these agencies are supposed to act in conformance with coastal plans once they are approved. Greg Peters, Director of the Bristol Bay Coastal Resource Service Area Board, stressed the importance of maintaining some form of ongoing

⁸Helga Eakon, Coordinator, Bering Straits Coastal Resource Service Area Board, Unalakleet, Alaska, 624-3062.

⁹Abby Arnold, Aleutians East Coastal Resource Service Area Board, Anchorage, Alaska, 276-2700.

monitoring of the coastal plan after it is approved.¹⁰ Not only would this encourage federal and State consistency and allow the plan to be amended to meet changing local conditions, it would help retain interest in regional issues.

COORDINATION OF SERVICE DELIVERY

The multitude of organizations in rural Alaska are able to offer a variety of services to residents, but there are also drawbacks to this service delivery approach. One problem is confusion among residents as to which agency is responsible for delivering a particular service. An associated problem is the coordination among agencies that are offering a related service. For example, it is often the case that the federal Department of Housing and Urban Development will be building a housing project while the Public Health Service supplies the sewer system for the project. Although the project may be coordinated adequately, the potential for inefficient management is greater than if one entity were supervising all aspects of the project.

Many residents are also concerned with their ability to review, comment on and refuse State and federal projects that are not appropriate for their areas. Examples of housing and sewer projects, designed for Lower 48 conditions, are common in the recent history of rural Alaska. A similar problem occurs when State projects are developed for rural areas without provisions for ongoing maintenance and operation. Many rural areas do not have the resources to generate revenues to maintain community facilities after they are built.

¹⁰Greg Peters, Director, Bristol Bay Coastal Resources Service Area Board, Dillingham, Alaska, 842-5257.

COMPARISON OF SERVICES IN THE ORGANIZED AND UNORGANIZED BOROUGH

The previous section of this memorandum discussed the context within which services are delivered to the unorganized borough. In this section, we will look at the results of the delivery system--the actual services that are provided to residents.

We examine the delivery of basic community services to residents of two organized boroughs, Kodiak Island and Matanuska-Susitna, and two areas of the unorganized borough, Yukon Flats and Lower Yukon. The basic services to be compared are education, public safety and sewer and water.

OVERVIEW OF FINDINGS

Our research reveals that school districts in the organized and unorganized boroughs have comparable funding levels to spend on education services. Education services in both the REAAs and borough school districts are funded through the State-supported foundation program. REAAs receive 100 percent funding for operations and school construction, while the borough districts receive less than 100 percent funding and make local contributions through property taxation.

Larger service discrepancies exist in the sewer and water and public safety areas. Within the unorganized borough, most villages have combinations of a central watering point or rain collection and honey bucket disposal facility, although a few villages have piped water and sewer systems. In the two organized boroughs, residents generally rely on well water and self-contained sewage disposal systems. The cities of Kodiak and Palmer have water and sewer systems.

Sewer and water systems, in areas of the organized borough outside of municipalities, are generally paid for by developers or homeowners. Municipalities within the organized borough fund the construction of sewer and water systems by a variety of methods, usually a combination of State, federal and local sources. Funds for the construction of sewer and water systems in villages of the unorganized borough have largely come from the State or federal governments.

The two organized boroughs depend mostly on the State Troopers for police services although some of the second-class cities within the boroughs have their own police departments. Fire services are provided by fire service districts staffed by volunteers. The Troopers also cover the unorganized borough and some communities provide additional coverage through village police officers. Active, well-trained fire departments are not common in the unorganized borough.

Representative Lacher

January 24, 1984

Page 10

State Trooper services to both the organized and unorganized borough are funded by the State as is the Village Public Safety Officer program. Municipal police departments in both the organized and unorganized borough are funded through local contributions and State municipal aid. Fire protection services to residents of the organized borough who live outside of cities are funded through special property tax assessments within the fire district. The operations of municipal fire departments within the organized borough and village departments in the unorganized borough are funded by a combination of State municipal aid and local contributions. In all departments, the construction of stations and the purchase of equipment is largely funded by the State.

EDUCATION SERVICES

It is impossible to examine education services in rural Alaska without seeing the effects of the Molly Hootch lawsuit. This suit, now named Anna Tobeluk vs. Harold Reynolds, has led to the construction of 92 new high schools in rural Alaska and the decision by a total of 109 villages to have their own high school program. One of the results of the Molly Hootch case has been to define the level of basic education services that will be delivered to all parts of the State; each community has the right to local education services if it so desires.

Prior to the lawsuit, high school education was provided through State or Bureau of Indian Affairs boarding schools that required the student to leave the village and sometimes the state. The effect of the Molly Hootch case was to give each village the right to decide if it wanted to keep its children at home and offer a local high school program. Steve Cotten, in an article in the Alaska Native News, notes that "the Molly Hootch case provided the village political power that it had never had before--real power over the education of their children."¹¹

As part of this power, the village was also given a voice in what was taught in the local high school program. The consent decree stipulates that for the first three years of the local program, an elected school committee will participate in planning and evaluating the high school program. After the three-year period, the local committee and the REAA board are free to establish their own relationship.

Operating costs

In this section of the report, we will examine the delivery of education services to the four selected areas by concentrating on the expenditure within each school district per average daily membership (ADM). This

¹¹Steve Cotten, Molly Hootch Schools, Alaska Native News, October, 1983.

Representative Lacher

January 24, 1984

Page 11

will roughly indicate the amount of money the district spends per student as calculated on an average attendance basis. Although this measure does not necessarily indicate the quality of instruction in the school district, it does compare the potential resources available to the district to develop quality education programs.

The expenditure totals presented here reflect the total operating expenditure in the districts including: all instructional categories, operation and maintenance of facilities, special revenue programs, pupil activities and general support services. (It does not include any construction funds.) Table 1 shows the total expenditure in each of the four study areas, all REAA school districts, all city and borough school districts and finally, all districts in the State.

Among the four districts we are comparing, the two REAAs, Lower Yukon and Yukon Flats, expend more per ADM than either of the two borough districts. This pattern continues where comparisons are made between the total expenditure per ADM for all of the REAAs and the city and borough districts. The expenditure per ADM in the REAAs is more than twice that of the city and borough districts.

One major reason for this expenditure differential is the location of the REAAs in rural areas of the state which are generally considered to have higher costs of service delivery. In fact, the State has recognized these higher costs and adjusts State funding contributions to education to reflect the differences among districts through the use of instructional unit allotments. These allotments, set by statute (AS 14.17.051), are used to equalize State contributions by increasing State contributions to those districts with higher service delivery costs.

For example, the Anchorage School District receives the instructional base amount while the Skagway District receives 1.08 of the base amount. If it is assumed that the difference in instructional unit allotments reflects the difference in costs among districts, then the total expenditure of a district can be divided by their allotment to establish a similar cost basis across districts for comparison purposes. As Table 2 indicates, after the district expenditures have been adjusted for cost factors, the two REAAs, Lower Yukon and Yukon Flats, still have higher adjusted expenditures per ADM than either of the borough districts.

TABLE 1
 TOTAL EXPENDITURE PER AVERAGE DAILY MEMBERSHIP

<u>District</u>	<u>Total Expenditure</u>	<u>ADM</u>	<u>Total Exp. per ADM</u>
Mat-Su	\$ 23,123,657	4,835	\$ 4,782
Kodiak	11,822,240	2,026	5,835
Lower Yukon	11,842,032	1,190	9,951
Yukon Flats	4,543,263	314	14,469
All REAAs	123,858,705	11,628	10,652
All City and Bor. Districts	354,804,998	72,790	4,874
Total All Dist.	478,663,703	84,418	5,670

Source: Education in Alaska, A Report to the People, State of Alaska
 Department of Education, 1982-1983

TABLE 2
 TOTAL EXPENDITURE PER AVERAGE DAILY MEMEBERSHIP ADJUSTED FOR
 INSTRUCTIONAL UNIT ALLOTTMENTS: SY 1982-83

<u>District</u>	<u>Inst. Unit Allotment</u>	<u>Total Expenditure</u>	<u>Adjusted Total Expenditure *</u>	<u>ADM</u>	<u>Adj. Exp Per ADM</u>
Mat-Su	1.04	\$ 23,123,657	\$ 22,234,285	4,835	\$ 4,598
Kodiak	1.16	11,822,240	10,191,586	2,026	5,030
Lower Yukon	1.55	11,842,032	7,640,014	1,190	6,420
Yukon Flats	1.55	4,543,263	2,931,137	314	9,334

Source: State of Alaska, Department of Education, Education in Alaska,
 A Report to the People, 1982-1983

* Total Expenditure divided by Institutional Unit Allotment

Prepared by House Research Agency, January 1984.

The assumption that underlies this analysis is that the instructional unit allotment is an accurate representation of the difference in the cost of providing education to various districts in Alaska. In 1982, a study done for the Legislative Budget and Audit Committee recommended the following changes in the instructional unit allotments to more accurately reflect cost differences.¹²

<u>District</u>	<u>Present Allotment</u>	<u>Recommendation</u>
Mat-Su	1.04	1.06
Kodiak	1.16	1.40
Lower Yukon	1.55	2.27
Yukon Flats	1.55	2.24

Table 3 shows the result of applying the recommended allotment in place.

TABLE 3
 TOTAL EXPENDITURE PER AVERAGE DAILY MEMBERSHIP USING RECOMMENDED
 INSTRUCTIONAL UNIT ALLOTMENTS

<u>District</u>	<u>Total Expenditure</u>	<u>Recommended Allotment</u>	<u>Adj. Total Expenditure</u>	<u>ADM</u>	<u>Adj. Exp. Per ADM</u>
Mat- Su	\$ 23,123,657	1.06	\$ 21,814,770	4,835	\$ 4,511
Kodiak	11,822,240	1.40	8,444,457	2,026	4,168
Lower Yukon	11,842,032	2.27	5,216,754	1,190	4,383
Yukon Flats	4,543,263	2.24	2,028,242	314	6,459

Sources: State of Alaska, Department of Education, Education in Alaska, A Report to the People, 1982-1983.

Homan and McDowall Consultants, A Study of the Instructional Unit Allotment Values Used In the Alaska Public School System, Juneau, Alaska, 1981.

Prepared by House Research Agency, January 1984.

¹²Homan and McDowall Consultants, A Study of the Instructional Allotment Values Used in the Alaska Public School System, Juneau, Alaska, 1981.

As Table 3 indicates, if the recommended instructional unit allotments are used to reflect the cost differences among districts, the Yukon Flats REAA shows the highest expenditure per ADM among the four districts. However, the other three school districts have comparable funding levels.

School Construction Funding

The State has spent approximately \$626.5 million on school construction funding in Alaska between 1978 and 1983.¹³ This includes funding for new facilities, major renovations, remodeling, and major equipment purchases. Of the total, \$326.5 million (57.9%) was spent on school construction in the independent and city districts. School construction in the REAAs cost the State \$263.9 million or 42.1 percent of the total. Based on the average daily membership in FY 83, the independent school districts serve about 86 percent of Alaska's public school population.

Between 1978 and 1983, the independent city and borough school districts received most (53.9%) of their funding from the school construction debt program. Funding was also provided through municipal grants (28.3%) and direct appropriations (17.8%). Most (96.6%) of the school construction in the REAAs was funded through direct appropriations, although some funding (3.4%) was provided through municipal grants.

Among the four districts that we are comparing, the following expenditures were made for school construction during the period 1978-1983:

TABLE 4
SCHOOL CONSTRUCTION FUNDING
1978 - 1983

<u>District</u>	<u>Total Expenditure</u>	<u>Average ADM*</u>	<u>Total Exp. Per ADM</u>
Mat-Su Boro.	\$29,408,343	4,317	\$ 6,812
Kodiak	9,613,253	2,022	4,754
Lower Yukon	17,826,300	1,086	16,415
Yukon Flats	11,541,100	292	39,524

* This is the average daily membership for the period 1978 to 1984.

Source: House Research Memorandum 83-169, School Construction Funding, authored by Christine Johnson, June 13, 1983.

Prepared by House Research Agency, January 1984.

¹³This information concerning school construction is from House Research memorandum no. 83-169 written by Christine Johnson, June 13, 1983.

As the above figures indicate, the expenditure in the REAAs per ADM is considerably higher than in the borough districts. Several factors contribute to the cost differential, particularly the higher costs of construction in the rural areas. Rural construction may involve the development of water and sewer and electrical systems that are already in place in urban areas. Also, it is difficult to benefit from economies of scale in rural areas where communities are small and scattered.

PUBLIC SAFETY

This section examines public safety services, police and fire protection in the four study areas.

Police Protection

The Alaska State Troopers have the primary responsibility for providing public safety services to all areas of the state including organized communities that have local police forces. This dual responsibility is called concurrent jurisdiction and the interaction of the troopers with community police departments depends upon the nature of the situation and the ability of the community police to provide effective service.

Within communities in Alaska, there are three general types of local police officers: municipal police officers, village public safety officers (VPSOs) and village police officers. Generally, the larger organized municipalities have a local police force while the smaller villages rely on VPSOs. However, some villages have a VPSO in addition to a local force.

The standards of training for police officers in Alaska are the responsibility of the Alaska Police Standards Council. Currently, the Council conducts three basic levels of training that correspond to the three classifications of officers. Although the actual training differs, municipal officers and VPSOs each receive six weeks of training, while the village police officers receive forty-hours of training. Mr. Jack Ray, of the Alaska Police Standards Council, feels that the VPSOs and the municipal officers receive comparable initial training; however, he also feels that the municipal officers are more likely to receive more followup and on the job training than the VPSOs.¹⁴

The amount of training received is important because the level of competence of the department is one measure of the potential quality of services that are enjoyed. During our research, however, we were

¹⁴Mr. Jack Ray, Department of Public Safety, Alaska Police Standards Council, Juneau, 465-4378.

unable to locate current information on the level of training among the various police departments. The Alaska Police Standards Council is in the process of updating this information and should complete the project by the end of February. Therefore, we urge some caution in drawing conclusions concerning the relative quality of services offered, especially among the village police departments.

The Village Public Safety Officer (VPSO) program is currently operating in approximately one hundred communities in Alaska. Sergeant C. W. Grutzmacher of the State Troopers, supervisor of the VPSO program, identifies law enforcement, fire safety, water safety, emergency medical response and search and rescue as the major areas of VPSO responsibility.¹⁵ In all of these areas of responsibility, the advantage of the VPSO is that he or she can offer an immediate response to a public safety situation, whereas, trooper response is hampered by delayed notification, long distance telephone and the uncertainties of weather and transportation. VPSOs are not expected to become involved in high risk situations although as peace officers, they can take evidence, conduct investigations and make arrests.

VPSOs are employees of the community in which they work, but are paid by the State. In many cases they are both the police and fire chief although, if the community has a police or fire chief, the VPSO works under his or her supervision.

The levels of police service available in the four study areas are described below.

Matanuska-Susitna Borough. The major responsibility for police protection falls on the State Troopers as the borough provides no police services. Among the communities located within the borough, only Palmer has its own police force and none use VPSOs.

Kodiak Island Borough. In areas of the borough outside of the communities, the State Troopers are the major source of police protection. The City of Kodiak has a city police force and there are VPSO positions in the following villages: Akhiok, Karluk, Larsen Bay, Old Harbor, Ouzinkie and Port Lions. (The positions in Karluk and Old Harbor are currently vacant.)

Lower Yukon REAA. As in the other parts of the state, the primary responsibility for police protection falls on the State Troopers. In addition to the troopers, the following villages have a VPSO and a

¹⁵Sergeant Charles Grutzmacher, Department of Public Safety, Division of State Troopers, Anchorage, 269-5642.

community police force: Alakanuk, Chevak, Emmonak, Hooper Bay, Mt. Village and Scammon Bay. The villages of Marshall, Kotlik, Pilot Station and Russian Mission have a VPSO only and the City of Saint Mary's has a community police force but no VPSO. (The VPSO positions in Mt. Village and Pilot Station are currently vacant.) Three villages, Pitkas Point, Sheldons Point and Andraefsky provide no local police service of any kind.

Yukon Flats REAA. In addition to trooper coverage of the area (a trooper is stationed in Fort Yukon) the city of Fort Yukon has the only community police force in the region. Two villages, Stevens Village and Chalkyitsik have VPSO positions while the following villages have no community police services: Arctic Village, Beaver, Birch Creek, Central, Circle, Rampart and Venetie.

Because the four areas of the state that we are examining are so different, the types of services that are offered and needed are dissimilar. It is difficult then to compare the level of service among the four study areas. Individual communities have different needs and perceive different approaches to solving their police problems. Ultimately, the best way to differentiate between levels of service is to determine if each community has the potential, both legal and financial, to provide the type and level of service that its residents desire.

Fire Protection

Within both the Kodiak Island and the Matanuska-Susitna Boroughs, fire protection services are offered through fire prevention districts that are funded by special property tax assessments. Municipalities located within the boroughs all have their own departments except for Wasilla within the Mat-Su Borough.

In the unorganized borough, fire protection services are offered on a community basis. There is a broad diversity of service, as some villages offer a fairly sophisticated program and others offer nothing. In villages which have a Village Public Safety Officer, he or she usually acts as fire chief. In other villages the chief may be the mayor or a volunteer. Most fire protection services are funded through grants from the State aid to local fire departments (A.S. 29.89.040) and from the other municipal aid programs.

The levels of fire protection services available to the four areas are described below.

Matanuska-Susitna Borough. The Mat-Su Borough provides fire protection on a borough-wide basis through eleven fire service areas. It is estimated by borough officials that these service areas provide services to 90 percent of the borough population. In addition, the municipali-

ties of Houston and Palmer have their own fire departments. All of the service areas, including the departments in Houston and Palmer have their own stations and equipment. One of the service areas and the Palmer department have paid fire chiefs, with the rest of the chiefs and firefighters being volunteers.

According to Jerry Pineau, administrative officer with the Mat-Su Borough, the operation of the service areas are funded by a special property tax assessment that varies from .4 to 2 mills among the fire protection areas.¹⁶ Mr. Pineau also estimates that 90 percent of the funds used to initially construct stations and purchase equipment has come from State and federal grants with the balance from bonding and local taxation.

The borough is also pursuing a plan of operational consolidation that will offer centralized support for all the fire service areas through borough-wide planning and training.

Kodiak Island Borough. The Kodiak Island Borough also provides fire services through established service areas outside of incorporated cities, while the City of Kodiak and the second-class cities rely on local departments. Linda Freed, borough planning director, estimates that between the service area and city departments, virtually all borough residents are covered by fire protection services.¹⁷

Operations within the two borough fire protection service areas are funded by special property tax assessments that ranged from 1 to 1.5 mills in 1983. The mill rate is recommended by the residents of each service area and if approved by the assembly, is collected by the borough administration. Ms Freed also notes that the initial purchase of the fire stations and equipment was through the use of State municipal aid monies.

The City of Kodiak and one of the fire service areas have paid chiefs, while the villages generally rely on the VPSO to fill this position. In all departments within the borough the balance of the firefighters are volunteers.

Lower Yukon Area. Within this area, eleven of the fourteen villages have a fire department that is registered with the Department of Public Safety, Division of Fire Prevention. However, according to Gordon

¹⁶Mr. Jerry Pineau, Administrative Officer, Matanuska-Susitna Borough, Palmer, Alaska, 745-4801.

¹⁷Ms. Linda Freed, Planning Director, Kodiak Island Borough, Kodiak Alaska, 486-5736.

Brunton, Director of the Division of Fire Prevention, just because a village has a registered fire department, does not necessarily mean that the department is active.¹⁸ Therefore, it is necessary to examine the departments in individual villages to determine what services can be actually provided.

Jack Oxford, Deputy Fire Marshall of the Southcentral Region, has supplied the information in Table 5 concerning the status of fire departments within the Lower Yukon area.¹⁹ The active designation is based on the periodic receipt by the Fire Marshall's office of status reports from the local department and provision of prevention services is based on requests by the local department for prevention literature and materials. The presence of equipment is based on the personal observations of the Regional Fire Marshall staff but contains no judgment concerning degree of maintenance of the equipment or the training in its use.

TABLE 5
 FIRE DEPARTMENT STATUS
 LOWER YUKON AREA

<u>Village</u>	<u>Active</u>	<u>Prevention</u>	<u>Equipment</u>	<u>Registered Dept.*</u>
Kotlik	no	no	no	no
Alakunuk	yes	no	no	yes
Emmonak	no	no	no	yes
Hooper Bay	no	no	no	yes
Chevak	no	yes	no	yes
Scammon Bay	no	yes	no	yes
Mt. Village	yes	no	yes	yes
St. Mary's	yes	no	yes	yes
Andraefski	no	no	no	no
Marshall	no	yes	yes	yes
Pitkas Point	no	no	no	yes
Russian Mission	no	no	no	yes
Pilot Station	no	no	no	yes
Sheldons Point	no	no	no	no

*Registered with Department of Public Safety, Division of Fire Prevention.

Source: State of Alaska, Department of Public Safety, Division of Fire Prevention, Southcentral Office, Anchorage, Alaska.

Prepared by House Research Agency, January 1984.

¹⁸Mr. Gordon Brunton, Director, Department of Public Safety, Division of Fire Prevention, Juneau, 465-4331.

¹⁹Mr. Jack Oxford, Deputy Fire Marshall Southcentral Region, Department of Public Safety, Division of Fire Prevention, Anchorage, 272-2404.

As can be seen, according to these observations, only three of the fourteen villages have an active fire department. Overall, it would appear that fire protection services offered in the REAA are minimal.

Yukon Flats Area. Within the Yukon Flats region, eight of the ten villages have a department that is registered with Division of Fire Prevention. According to Vern Long of the Division of Fire Prevention's Northwestern Office, the only functioning department in this area is in the community of Fort Yukon.²⁰ That community has both equipment and an active department that conducts ongoing training of volunteers and a prevention program. Mr. Long noted that within the other communities, there may be some equipment such as pumps, hoses and extinguishers, but it would not be considered sufficiently sophisticated to equip a department. In addition, he does not think that any of the villages except Fort Yukon are involved in prevention programs.

As with the Lower Yukon area, the residents of the Yukon Flats REAA receive minimal fire protection services with the exception of those that live on Fort Yukon.

SEWER, WATER AND GARBAGE SERVICES

This category of services involves the supply of drinking water, the disposal of sewage and the collection and disposal of garbage. Generally, we have found that within the study areas, there are a variety of delivery methods for these services. In areas of the organized borough outside of organized cities, the sewer and water systems are usually the responsibility of the developer and must comply with State of Alaska, Department of Environmental Conservation standards. In organized cities located within the boundaries of the Borough, the range and particular type of service vary by community.

Within the unorganized borough, the method of delivery and quality of service differ considerably by community because of the nature and operations of community facilities. For example, the Department of Environmental Conservation publication Village Sanitation in Alaska, reports that Chevak has a Village Safe Water central facility that provides a source of water, sewage disposal, bathing facility and laundromat.²¹ However, the report goes on to say that because the

²⁰Mr. Vern Long, Department of Public Safety, Division of Fire Prevention Northwestern Region, Fairbanks, 456-4002.

²¹Department of Environmental Conservation, Division of Facilities Construction and Operations, Village Sanitation in Alaska; 1983 Update, Juneau, 1983.

water contains high concentrations of iron, many residents collect rain water in the summer and melt ice in the winter as a supply of drinking water.

This example illustrates why caution must be used when analyzing services in the unorganized borough: it is difficult, through identification of facilities, to accurately define the level and quality of service actually enjoyed. Therefore, the information presented in this section does not attempt to provide a current assessment of the quality of services to the unorganized borough, but, rather, a snapshot of actual services that were being provided to residents when the Department of Environmental Conservation collected the information. Hopefully, the service descriptions will provide the reader with an understanding of the service delivery diversity in rural Alaska.

Identification of Services

Matanuska-Susitna Borough. Within the Matanuska-Susitna Borough, which provides no areawide sewer and water services, developers and builders are responsible for providing these services in compliance with State of Alaska, Department of Environmental Conservation (DEC) standards.

The DEC, in conjunction with lending institutions, monitors the construction of sewer and water facilities in homes by use of a health approval. Generally, before the lending institution will close on the loan, DEC must certify that the sewer and water system was constructed by installers trained to comply with DEC standards. In addition, before an existing home can be financed, the lending institutions require assurance by a qualified engineer that sewer and water systems meet the standards.

According to Paul Pinard, of the DEC Wasilla office, the general form of sewage disposal is a septic tank which must be pumped out occasionally to allow the liquids to flow through.²² Currently, there are no facilities in the Mat-Su Borough in which to dump the waste that is pumped from the tanks, necessitating the transportation of the waste to facilities in Anchorage for disposal. However, the borough is currently in the process of constructing a dumping station that will allow these wastes to be disposed of locally.

The Matanuska-Susitna Borough does provide area-wide landfill services through the maintenance of five landfill sites and three bins. Future plans call for the additional use of bins in the outlying areas. The

²²Paul Pinard, Department of Environmental Conservation, Wasilla, 376-5038.

Representative Lacher

January 24, 1934

Page 22

borough provides no pick up service, although in some areas this is available through privately owned companies.

Among cities located within the borough, Palmer provides sewer, water and garbage collection services and Wasilla provides water to some residents and refuse collection by private contractor. The City of Houston provides no sewer and water services, but does maintain a landfill although there is no collection service.

Kodiak Island Borough. As in Mat-Su, there is not an areawide sewer and water system in the Kodiak Island Borough, and individual developers are responsible for constructing sewer and water systems that comply with State standards. The monitoring of this activity is done through the lending institution's requirement that all systems in new homes be constructed by qualified installers and that systems in homes over four years old be inspected by a qualified engineer before financing can be approved. If the home is not to be financed, there is no monitoring of the sewage and water system. The general type of facilities is a private well and septic tank.

The City of Kodiak provides sewer and water services to its residents, and as a result of a recent system expansion, now provides services to some areas of the borough outside of the city.

The City of Kodiak and the borough jointly operate a landfill site with the city offering pick up services to city residents under contract with a private operator. Borough residents outside of the cities can either haul their own garbage to the landfill, or can have it collected by private companies.

The other communities within the Kodiak Island Borough have the following services:

TABLE 6
SEWER, WATER AND GARBAGE SERVICES
KODIAK ISLAND BOROUGH

<u>Community</u>	<u>Sewer*</u>	<u>Water</u>	<u>Garbage</u>
Akhiok	septic tanks	pipd to homes	fenced dump site
Larsen Bay	septic tanks	pipd to homes	land fill
Old Harbor	septic tanks	pipd to homes	uncontrolled dump site
Ouzinkie	septic tanks	pipd to homes	land fill
Port Lions	septic tanks/ privies	pipd to homes	land fill; collection by community
Karluk	septic tanks	pipd to homes	comm. land fill

* Depending on the proximity of the homes, septic tanks can either serve one home or several homes.

Source: State of Alaska, Department of Environmental Conservation,
Village Sanitation in Alaska; 1983 Update.

Prepared by House Research Agency, January 1984.

Lower Yukon Area. In this area, no areawide services are provided, and the following sewer, water and garbage services are found in individual communities:

TABLE 7
 SEWER, WATER AND GARBAGE SERVICES--LOWER YUKON AREA

<u>Community</u>	<u>Sewer</u>	<u>Water</u>	<u>Garbage</u>
Alakanuk	honey buckets dumped into central collection point	central watering point	no facilities
Andreafsky	honey buckets/ a few	pipd system	no facilities
Chevak	honey buckets dumped into central facility	central watering point	central disposal site
Emmonak	honey buckets, no dumping facility	central watering point; haul system to homes but ice and rain still used	no facilities
Marshall	pipd sewer	pipd system	open dump
Hooper Bay	honey buckets dumped in bunkers	central watering point; rain collection	no facilities
Kotlik	honey buckets; no central disposal	watering point	no facilities
Mt. Village	septic tanks	pipd system	dump site
Pilot Station	pipd sewer	pipd system	fenced dump
Pitkas Point	honey buckets, not dumped at disposal site	central watering point	no facilities
Sheldons Point	honey buckets, no dumping facility	central watering point; rain collection	no facilities
Scammon Bay	pipd system	central watering point; limited pipd system	no facilities
Saint Mary's	pipd system	pipd system	trash collection
Russian Mission	pipd system	pipd system	community dump site

Source: State of Alaska, Department of Environmental Conservation, Village Sanitation in Alaska, 1983 Update.

Prepared by House Research Agency, January 1984.

Representative Lacher
January 24, 1984
Page 25

In summary it can be seen that there is a variety of service delivery methods within the fourteen communities located within this REAA. Six of the communities have a piped water system to homes while eight communities have a central watering point. Three communities in this latter group also collect rain water and melt ice for drinking. Six communities have flush toilets through the use of a piped system or septic tanks. Eight others still rely on honey buckets for sewage collection, although, four of these have no central disposal facility. Garbage services in the form of a central dumping site are found in six communities, while no services are found in eight others.

Yukon Flats REAA. Generally, in this area, honey buckets or privies are the usual form of sewage collection, although, one community, Central, has flush toilets. Three of the other communities have central disposal facilities for sewage. One community, Central, has individual wells and three other communities have central watering points with some home water delivery. Four communities haul water from streams or collect rain water. Dump sites are found in six communities, and two other communities provide no dump facilities for garbage disposal.

The following table lists the sewer, water and garbage services offered in the various communities in this area.

TABLE 8
SEWER, WATER AND GARBAGE SERVICES
YUKON FLATS AREA

<u>Community</u>	<u>Sewer</u>	<u>Water</u>	<u>Garbage</u>
Arctic Village	honey buckets, disposal point with some home collection	central watering point	dump site
Beaver	honey buckets with disposal facility	central watering point	dump site
Birch Creek	honey buckets with seepage pits	haul from Birch Creek	no facilities
Central	septic tanks and cess pools	individual wells	dump site
Chalkyitsik	honey buckets, no disposal facility	haul from river	no facilities
Circle	privies, cess pools	haul from river	dump site
Fort Yukon	honey buckets, privies	watering point, delivery to some houses	dump site
Rampart	privies	haul from river, rain water	dump site

Source: Village Sanitation in Alaska, 1983 Update, State of Alaska, Department of Environmental Conservation.

Prepared by House Research Agency, January 1984.

BOROUGH FORMATION ISSUES

Boroughs offer a structure that could potentially create a new service delivery system in rural Alaska. This section of the memorandum will focus on the following issues related to the formation of boroughs: (1) a brief history of the formation of the present boroughs; (2) an examination of the fiscal capacity of the unorganized borough; and (3) transition issues relating to borough formation.

HISTORY OF BOROUGH FORMATION

Tom Morehouse, in Alaska's Urban and Rural Government, reports that at the time of Statehood, cities and special districts covered all of the state's urban areas and included 80 to 90 percent of the state's taxable wealth.²³ These areas had the resources and capacity to implement the local government scheme found in the Constitution. However, if boroughs were to be formed, they had to come to some accommodation with cities, independent school districts and residents living in areas outside of cities which enjoyed tax free services provided by the State.

After two years of legislative study concerning the accommodation of these interests, the Borough Act of 1961 was passed. This act required that all special service districts be integrated within organized boroughs by July 1, 1963. The unorganized borough would be formed from the residual territory left unorganized.

The legislators and administrators who wrote the Borough Act thought, or at least hoped, that urban Alaska would embrace the borough concept. However, by the 1963 deadline only the Bristol Bay Borough had formed from local initiative. As Morehouse reports, the Local Affairs Agency discovered:

school district interests wanted to avoid loss of autonomy, city residents saw no need for a new layer of government and taxation and residents outside of cities and school districts wanted to preserve their tax-free status while receiving school and other services.²⁴

²³Thomas Morehouse, Gerald McBeath, Linda Leask, Alaska's Urban and Rural Government, Institute of Social and Economic Research, University of Alaska, draft of a manuscript to be published by University Press.

²⁴Ibid, p. IV-6.

The result of this inaction was the passage in 1963 of the Mandatory Borough Act. This act required the incorporation of eight areas of the state that contained public utility and independent school districts by January 1, 1964. People in these areas had the option of initiating incorporation and proposing borough boundaries or having the boundaries mandated. Four boroughs--Ketchikan, Sitka, Juneau and Kodiak Island--were initiated locally and four others--Anchorage, Fairbanks, Matanuska-Susitna and Kenai--were mandatorily incorporated on January 1, 1964. Since this time, two other boroughs, the Haines Borough and the North Slope Borough have incorporated.

FISCAL CAPACITY OF THE UNORGANIZED BOROUGH

The fiscal capacity issue involves a range of concerns from property assessment and economic development in rural Alaska to future State revenues. It is beyond the scope of this memorandum to make any judgments concerning the fiscal capacity of the unorganized borough. However, we hope to at least briefly note some of the aspects of this issue which affect borough formation.

Local Government Powers

The Alaska Constitution gives the legislature the authority to determine the powers of the different local government options. The legislature, in Title 29, has given the mandatory powers of tax assessment/collection, education and planning/zoning to first and second-class boroughs; third-class boroughs are restricted to exercising only education and taxation powers. To many rural areas, however, planning powers to implement coastal zone plans, provide for regional transportation development and administer capital construction projects are important and desirable. So, for all practical purposes, the third-class borough, which does not mandate planning powers, is not a popular option. In fact, in two recent borough feasibility studies, one corresponding to the Yukon Flats REAA and one to the Lower Yukon, Lower Kuskokwim and Kuspuk REAAs, the option of third-class borough status was not recommended for this reason.²⁵ In addition, the proposed amendments to Title 29 do not allow the incorporation of third-class boroughs as a local government option.

²⁵Darbyshire and Associates, Yukon Flats Regional Government Study, Summary Report, Anchorage, Alaska, August, 1979; and AVCP Regional Government Study, Summary Report, Anchorage, Alaska, December, 1982.

Therefore, for a rural area to incorporate as a borough, it must assume responsibility for education, planning, tax assessment and collection, as well as develop the administrative capacity to operate the borough government. In the past, it has been suggested that this is beyond the financial capability of the unorganized borough.

Economy and Taxation in Rural Alaska

The Department of Community and Regional Affairs study notes the problem of financial capacity:

... traditional communities exist for reasons of family relationships and proximity to subsistence resources rather than for conventional economic reasons (e.g. location of developable resources). Furthermore, the communities are small, remote and without communication and transportation systems capable of supporting a conventional economic base. The result is that few rural Alaskan communities meet the normal criteria for economic viability.²⁶

The study goes on to describe a mixed subsistence and cash economy. Within this type of economy, the study concludes that there are serious questions as to the utility of taxation because of the lack of taxable property and the number of residents who have insufficient cash incomes to pay taxes.

According to the State Assessor's Office, there are no good estimates of the value of taxable property in the unorganized borough. Although several estimates have been made, the assessor's office does not consider them to be a sufficiently accurate for policy decisions. However, a brief look at one of the studies illustrates the general disparity between the organized and unorganized borough in terms of property taxing capacity.

A 1979 study done by the Legislative Finance Division determined that the 1978 assessed property in the unorganized borough, exclusive of oil and gas property, averaged \$6,069 per capita.²⁷ This compared to the assessed value of the organized borough, excluding oil and gas properties, of approximately \$25,000 for the same period. Clearly,

²⁶State of Alaska, Department of Community and Regional Affairs, Problems and Possibilities for Service Delivery and Government in the Alaska Unorganized Borough, p. 16.

²⁷Legislative Finance Division memorandum to Sen. Arliss Sturgulewski, Financial Disincentives to Borough Formation, November 15, 1978.

the unorganized borough does not possess the same taxing potential to generate revenues as does the organized borough.

It is worth noting that this per capita assessed value of the unorganized borough is based on several revealing economic characteristics of rural Alaska. First, it was assumed that 50 percent of the residential property is subject to restricted deeds and therefore cannot be taxed. Restricted deeds are issued by the Federal Townsite Trustee to Native Alaskans and Alaska communities and are common throughout the rural areas of the state. The second assumption was that the assessed value per nonrestricted deed household is \$20,000 and the average taxable personal property per household is \$2,000. No doubt the assessed values of the property have increased since this study was done in 1978, but so has the cost of providing the government services that the taxes would support.

This disparity in taxing potential was also noted by Victor Fischer in his 1980 report Regional Self Government in Rural Alaska: Pending Issues and Study Needs:²⁸

It is clear that, even at the maximum tax rate of 30 mills, regional boroughs in rural Alaska, which do not have oil and gas properties, would not be able to raise sufficient funds from property taxation for general government operations. The problem is exacerbated by the generally low-income level and lack of commercial development, and, therefore lack of sufficient base for a productive sales tax.

State Aid to Municipalities

Until recently, the rapid increase in oil revenues enjoyed by the State and the State's ability to provide increased aid to local governments, lessened the importance of fiscal capacity. A Legislative Finance Division memorandum in 1982 suggested that this has been done through: (1) the passage of Chapter 26 SLA 1980 which amended the school foundation program to ease local tax burdens, and, (2) the general increase in funding for State aid to municipalities.²⁹

The ability of the State to increase contributions to local government seemed to make borough formation more economically viable. In one study, the proposed AVCP Borough was deemed to be feasible assuming

²⁸Victor Fischer, Regional Self Government for Rural Alaska: Pending Needs and Study Issues, Anchorage, Alaska, 1980.

²⁹Legislative Finance Memorandum to Senator Charles Parr, Financial Incentive for Borough Formation, February, 10, 1982.

that the State would pay for 100 percent of school construction funding in all borough school districts, and, that the borough would not be required to provide any local contributions to support the borough school district.³⁰

However, the conditions that resulted in the financial incentives listed above are currently changing. During the past legislative session, the Department of Education was charged with making recommendations for changes in the school funding program, and, until they are made, it will be difficult to determine their financial effect on proposed rural boroughs.

State funding of school construction is also an area that has been affected by declining revenues. Although the State has historically paid 100 per cent of school construction in the REAAs, contributions by the State for school debt service in the city and borough districts has ranged from 50 percent in the early 1970s to 90 percent in 1982. However, legislative action in 1983 stipulated that State reimbursement for school construction debt incurred in the future would be limited to 50 percent.

Decreases in other areas of State aid could also require local governments to raise property tax levies. Consequently, borough formation, and the corresponding requirement to provide mandated services, will likely focus on the fiscal capacity of the unorganized borough.

TRANSITIONAL ISSUES

Title 29 offers several forms of assistance to boroughs that are attempting to organize. The State supplies one year grants to newly formed boroughs to help with initial organization. Currently, this grant amount is \$10 per capita for every resident in the borough or \$25,000 whichever is greater. In addition, the borough is allowed to select 10 percent of the available State-owned land within the borough boundaries.

³⁰Darbyshire and Associates, AVCP Regional Government Study, Summary Report, December, 1982

Representative Lacher
January 24, 1984
Page 32

Proposed changes in Title 29 would extend the transitional grant to three years and authorize funding of \$300,000 the first year, \$200,000 the second year and \$100,000 the third year. In addition, the following transitional assistance is offered to the borough by the Department of Community and Regional Affairs:

1. Establishment of the initial sales and use tax assessment and collection departments if the borough has adopted a sales or use tax;
2. Determination of the initial property tax roll if the borough has adopted a property tax, including contracting for appraisals of property needed to complete the initial assessment.

CONCLUSION

This report shows that funds available for educational services in selected areas of the organized and unorganized borough are comparable, but that there are considerable differences between sewer and water and public safety services. This conclusion should not be surprising considering the cultural, economic and political differences between urban and rural Alaska. But, the report also indicates that the structure of the service delivery system in rural Alaska influences service delivery.

One suggested method of restructuring this service delivery system is through the formation of boroughs within the unorganized borough. It is felt, by some, that this would improve the quality of services that are delivered to residents. Others favor borough formation because they feel that organized boroughs would require the rural areas of the state to contribute more local revenues for services, most notably education, thereby distributing the tax burden more fairly across the state.

There is considerable doubt, however, about the practicality of establishing boroughs in rural Alaska. Current law requires that the organized area immediately adopt broad powers of self-government. Many rural Alaskans, although gaining experience with the concept of rural government through the REAAs and CRSAs, have been in contact with formal, organized government for only a short period of time. Establishing another layer of government, and especially one that may be perceived as conflicting with the village, is a difficult step.

The other problem is how new boroughs can pay for the services that they are required to provide. There is legitimate concern that the rural areas of the state do not have the tax base to pay for the operation of boroughs once they are organized. This concern is especially relevant if State aid to municipalities declines in the future.

These two characteristics of borough formation, the immediate assumption of broad governmental powers and the fiscal capacity to pay for acquired services, will likely continue to restrain the organization of the unorganized borough, even in the face of growing recognition of the benefits which can be gained through borough government.

If you have any further questions, please call us.

JL



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

22 SSB 1

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

December 21, 1987

MEMORANDUM

TO: Representative Henry Springer

ATTN: David Harrison

FROM: Karen Oakley *KO*
Legislative Analyst

RE: Conversion of REAAs into Third-Class Boroughs: Comments
Research Request 88.073

You asked us to review the staff report on House Bill 1 entitled "SSHB 1: Conversion of REAAs into Third-Class Boroughs," dated December 10, 1987 and recently distributed to parties interested in, or affected by, HB 1. You also asked whether any major changes in the means by which services are provided to the unorganized borough had occurred since 1984.

We reported on the structure of the service delivery system that serves unorganized borough communities in House Research Agency Memorandum 83-223. This basic structure has not changed since 1984. Services are still provided by a variety of governmental and quasi-governmental organizations in a nonintegrated fashion.

* The major change that has occurred since 1984 is in the amount of funds available to the organizations that provide services in the unorganized borough: Funding has been significantly reduced, necessitating cutbacks in services. The Department of Community and Regional Affairs (DCRA) recently conducted a telephone survey of rural community governments to assess how service delivery by these entities has been affected by declining revenues. In their preliminary report, DCRA reported that many communities have reduced basic public health and safety services, such as fire, police, health, water and sanitation. While all regions have been affected, the regions that have been most affected by the economic downturn were primarily those in the unorganized borough--the Yukon-Kuskokwim Delta, Bering Straits, and Doyon regions. The DCRA will publish their final report on this survey in early January.

Note that entities other than local governments--especially nonprofit organizations--provide services to unorganized borough communities and it may be useful to conduct a companion survey of these organizations to determine the full impact of the recent economic downturn.

*

I found only two minor errors in the staff report on House Bill 1. In Table 3, presenting the value of recent land sales in unorganized borough communities, Ninilchik, a Kenai Peninsula Borough community, was mistakenly included. In Table 8, presenting statistics on child abuse and runaways by region, two columns were titled "Physical Abuse."

*Should have been
2nd column "Sexual Abuse"*

Attached are several House Research Memorandums that provide additional information on social and public safety service delivery and issues in the unorganized borough.

I hope this information is useful. If we can provide any additional information, please contact us.

Attachments

- House Research Memoranda
- 85.157
- 85.254
- 85.268
- 87.232

* I TAKE responsibility For errors: DATA 1/15/88



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

April 16, 1985

MEMORANDUM

TO: Representative Jack Fuller

FROM: Katherine Hazard *KH*
Legislative Analyst

RE: Village Public Safety Officers Program
Research Request 85-268

You requested information about the cost effectiveness of making the Village Public Safety Officer (VPSO) program a division under the Department of Public Safety. In addition to your letter requesting this information, Brenda Bruce gave us a copy of the letter from the VPSO in Golovin which, she indicated, prompted your enquiry.

SUMMARY

I spoke to the VPSO in Golovin; he was interested in finding a more efficient means of administering the VPSO program than the current method of contracting through the nonprofit regional Native corporations. He thought creation of a separate division might address this concern. The VPSO program coordinator with the Alaska State Troopers (AST) thought that awarding the program division status would complicate administration. However, the Alaska State Troopers now are seeking to contract directly with several villages to see if this will reduce the administrative costs of the VPSO program.

CURRENT VPSO ADMINISTRATION

In FY 85 there were 116 VPSOs in the state. The VPSO program is now under the Division of Alaska State Troopers in the Department of Public Safety (DPS). The program is administered in part through the regional nonprofit Native corporations, and in part through the Alaska State Troopers. Money for this program is channeled to three budgets: 1) contracts to nonprofit regional Native corporations; 2) VPSO support, which goes to the AST; and 3) administration, which supports three positions in the AST.

1. VPSOs are appointed by the community council, but must be approved by the corporation and the AST. ✓?
2. Firing of a VPSO is a joint effort of the community council, corporation and the AST.
3. The council and corporation must both approve "subsistence leave" for a VPSO.

VPSO Support. The Alaska State Troopers have 19 staff positions allocated to the VPSO program, including four clerk typists and a civilian pilot. Fourteen VPSO oversight officers provide training to the VPSOs, visit each village for VPSO training at least once every two months, make weekly phone contact with the VPSOs, furnish all equipment, inventory, review the VPSO reports, evaluate the VPSOs, and participate in hiring and firing of VPSOs and guards. There are 15 modular training units that the oversight officers take to the villages for VPSO training. Funds for training VPSOs at the Public Safety Academy in Sitka come out of the AST budget for VPSO support.

Administration. There are three positions in the Division of Alaska State Troopers VPSO administration. One is the Program Coordinator, Lt. Glen Godfrey, one is a training coordinator who designs and schedules the VPSO training programs statewide, and one is an administrative assistant who administers the contracts with the corporations.

Budgets. Money was appropriated to the VPSO program in FY 85 as follows:

Nonprofit Regional Corporation Contracts	\$3,675,000
VPSO Support	\$2,200,000
Administration	\$ 260,000

The attached table shows the distribution of contract funds.¹ The attached graph shows the percent of the total contract funds which are used for administration as opposed to VPSO costs. The amount retained by the corporation is used for administration, corporation overhead, and coordinators' salary, benefits and travel. The overhead ranges from 23 to 41 percent of the contract total.

¹Contracts to the corporations from the Department of Public Safety were let for nearly one million dollars more than was appropriated for FY 85. Gary Kostenko at the DPS said contract receipts will probably exceed the amount appropriated by \$400,000 to \$450,000 rather than \$1 million. The DPS plans to absorb the excess expenditure.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
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April 16, 1985

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Contracts. The VPSO program is administered through ten nonprofit regional Native corporations:

- Aleutian/Pribilof Islands Association (APIA);
- Association of Village Council Presidents (AVCP);
- Bristol Bay Native Association (BBNA);
- Cook Inlet Native Association (CINA);
- Kodiak Area Native Association (KANA);
- Kawerak, Inc. (KAW);
- Manilleq Manpower, Inc. (MAN);
- The North Pacific Rim (NPR);
- Tanana Chiefs Conference (TCC); and
- Central Council of Tlingit-Haida Indian Tribes of Alaska (THCC).

The VPSOs are employees of the corporations and are paid through the corporations. Each corporation has a VPSO coordinator. The contract responsibilities of the nonprofit corporations are as follows:

1. maintain records including: VPSO personnel files, job applications, hiring papers, program transfer records, salary increase notices, information about benefit coverage, annual leave slips, life insurance, travel authorizations or requests, airline ticket agent billings; per diem requests and trip reports, monthly payments for office and fuel allowances, guard hire time sheets ...or any other documentation required by the Division of Public Safety;
- * 2. pay employees and bill the State for all expenses incurred during the month including: salaries, benefits, travel, guard hires and per diem;
3. set the minimum daily and weekly hours required of the VPSO;
4. determine the communities within its region in which the VPSO program will be developed, with prior approval of the DPS;
5. with approval from DPS, change the communities which have VPSOs;
6. maintain a close relationship with the Alaska State Troopers and forward recommendations to the DPS as may appear appropriate to assure program success;

There are several administrative functions which are shared by the community's council, the nonprofit regional corporation and the State Troopers:

1. VPSOs are appointed by the community council, but must be approved by the corporation and the AST. ✓?
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Representative Fuller
April 16, 1985
Page 4

The community health aide program, a comparable program in many ways, is also administered through the regional corporations. Dwayne Peeples, of the Division of Public Health, said the administration costs charged by the corporations range from 12 to 44 percent of the total direct funds.

CONSTITUENT'S CONCERNS

✓ Golovin's VPSO, Pat Farrell, expressed two major concerns with the VPSO program, both related to administration through the nonprofit regional corporations. Kawerak, Inc. receives about \$160,000 for administration and for the salary of one coordinator. There are 15 VPSOs in the region. Mr. Farrell said that between FY 84 and FY 85, the Kawerak contract was reduced by approximately \$11,000. He said that most of the cut was taken out of the VPSOs budget and that the corporation absorbed only about \$1,000 of the budget reduction between the two years. He said that he and several other VPSOs suspect that if there are high administrative costs in this regional corporation, such may be the case with the nine other corporations administering the VPSO program. He wanted to know whether the State could reduce costs by administering the program directly.

Mr. Farrell's other main concern was that he is currently under several different supervisors, and sometimes gets conflicting directives. He said he has four supervisors: the Corporal in Nome with the Alaska State Troopers, the Oversight Trooper, the Coordinator for the corporation and the City Council. If the VPSOs were made a separate division, he anticipates that the VPSOs would have only one direct supervisor.

He mentioned several other problems. He said that the coordinator at the nonprofit knows little about the VPSOs' jobs but that she is responsible for negotiating their contract. He said the coordinator has given the VPSOs no say in what they would like for COLA or wages. When I asked what the coordinator does, he said he sends his pay slips and insurance records to her and she gives them to the people at Kawerak that handle salaries and insurance. She gives the VPSOs their per diem when they come in for training, but the training is done by the Troopers. She notifies the VPSOs when there is going to be training.

Mr. Farrell thought that creating a separate division of VPSOs within the Department of Public Safety would simplify the hierarchy, benefit the State economically and allow more of the money allocated for the VPSO program to go to training, or other things that would directly improve the services for which the program is designed.

Representative Fuller
April 16, 1985
Page 6

I did not pursue examination of the officer ranks, number of visits made to villages and actual hours devoted to VPSO work by the troopers and other staff. It is not clear that such an examination was the intent of your request. However, the troopers do keep records of their hours, and such a study might be possible.

At the least, creation of a division would require upgrading a program coordinator position to the director level. A director's salary and benefits would be \$10,000 to \$15,000 more than the program coordinator's. There would probably also be more administrative costs with the creation of a new division and additional travel costs, as mentioned earlier.

On the other hand, there are several oversight troopers who are serving other major functions in the troopers and may be of higher rank than would be required if their sole responsibility were as oversight officers. For example, in Nome there is one oversight trooper at a salary of \$80,400 and a corporal at \$86,200. The corporal has duties outside the VPSO program.

While Lt. Godfrey believes that exchange of services and equipment might be possible if the VPSO program became a new division, he thinks that coordination and administration would be more complicated. He does not believe that creating a separate division for the VPSO program would be a costeffective or efficient manner of administering the program. Nor would it necessarily address the concerns expressed by your constituent. Mr. Farrell's main concern was with the efficiency of contracting with the corporations. Creation of a separate division would not necessarily mean that the DPS would cease contracting with the corporations.

CONTRACTS FOR SERVICES

The Department of Public Safety has been exploring ways to reduce the administrative costs of the VPSO program. In January 1985, Commissioner Sundberg circulated a letter to mayors of the villages involved in the VPSO program. In his letter, he stated that while administrative support by the regional corporations has been working well, "there may be a more efficient way to handle the administrative details and at the same time allow more of the program's money for direct services" to the village. The Department of Public Safety circulated a questionnaire to find out how many villages would be interested in contracting directly with the DPS instead of channeling funds through the corporations.

Representative Fuller
April 16, 1985
Page 7

In a memorandum dated January 28, 1985, Commissioner Rudd, of the Department of Administration, granted approval to the DPS to contract directly with the villages for administration of the VPSO program. The Department of Administration is currently reviewing the specific contract design. The DPS would like to contract directly with ten villages beginning July 1, 1985.

Program Coordinator Lt. Godfrey said each village in the pilot project will be expected to do approximately 20 to 40 percent of the administration now being done by the corporations. The oversight troopers will absorb the remainder of the administrative duties. The Alaska State Troopers Division will be assuming the responsibilities of checking the payrolls, auditing, making sure that the VPSOs get their checks, granting annual leave, arranging for travel to training etc. These administrative responsibilities will be handled at the detachment level. At this time, Lt. Godfrey does not anticipate adding additional staff in order to do the pilot study. However, if the whole program were reorganized, there would need to be some increases in staff.

The oversight troopers will be keeping records of how much time it takes to do the additional administrative work. Lt. Godfrey anticipated that if the pilot study begins in July, by this time next year the DPS could evaluate quite accurately how the VPSO program could best be administered statewide.

Through the pilot study, the DPS should be able to evaluate how many additional positions or which type would be needed to administer the whole program. Lt. Godfrey said that, at that juncture, the DPS will be able to carefully compare costs to see which administrative system would be most cost effective. He said they cannot evaluate this at the present time.

At this point, it looks as if program administration by the DPS could offer several savings: 1) the ten nonprofit corporations fall into four trooper detachments, so if coordinators were hired, there would probably be three or four instead of ten; 2) the overhead might not be as high; and 3) there would be less redundancy in administrative responsibilities.

Representative Fuller
April 16, 1985
Page 8

Michael Clemens, Assistant Director of the Division of Administrative Services at DPS mentioned one reservation in contracting directly with councils statewide. He said that some villages may not want to contract directly with the State because the contract requires a waiver of some sovereignty rights.

I hope this memorandum addresses the aim, if not the letter, of your request. Please let us know if you have questions or would like a more detailed analysis of any aspect of the VPSO program.

KH

Attachments

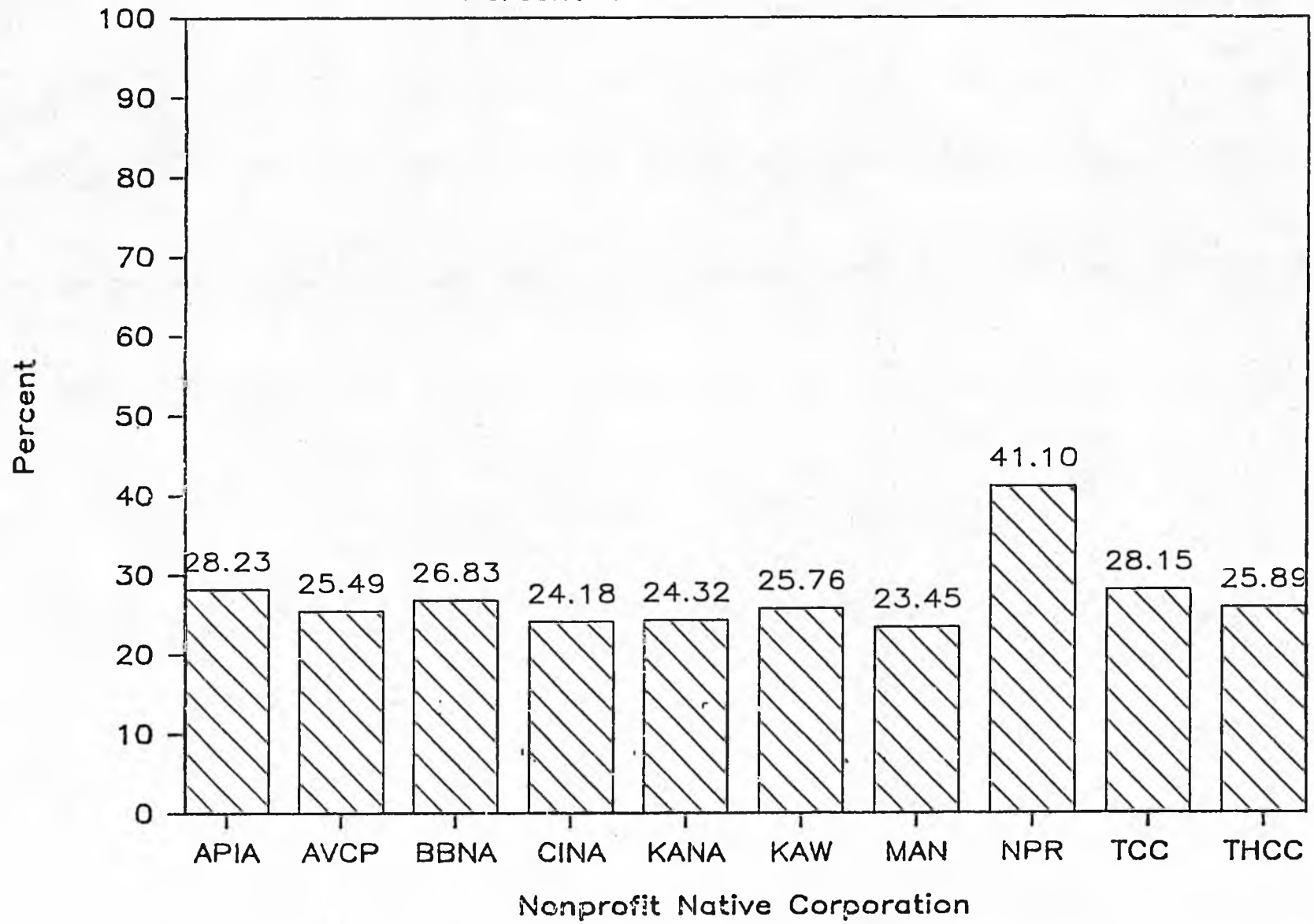
VILLAGE PUBLIC SAFETY OFFICERS PROGRAM BUDGET FY 85

Native Corporation	VPSO EXPENSES							OTHER CORPORATION EXPENSES							Total
	VPSOs	Salaries	Benefits	Travel	Guard hire	Fuel + Office	VPSO Expenses Subtotal	Corp. VPSO Salaries	Benefits	Expenses Travel	Corp. Admin. Costs	Corp. Overhead	Corporation Expenses Subtotal	Corp. % of Total	
APIA	8	\$172,124	\$43,031	\$19,000	\$214	\$14,400	\$248,769	\$31,000	\$7,730	\$4,000	\$4,200	\$50,919	\$97,869	28.23	\$346,638
AVCP	30	583,481	175,044	21,250	2,550		782,325	40,788	12,236	6,000		208,655	267,679	25.49	1,050,004
BBNA	16	304,016	89,685	22,800	237	28,800	445,538	33,000	8,382	9,701	3,050	109,242	163,375	26.83	608,913
CINA	1	18,103	4,933	2,090	238	1,800	27,164			1,300	1,000	6,363	8,663	24.18	35,827
KANA	6	115,692	47,087	5,760	475	10,800	179,814	19,200	8,218	2,210	9,045	19,107	57,780	24.32	237,594
KWA	15	319,120	67,015	38,000	3,050	36,000	463,185	30,000	6,300	7,000	7,500	109,937	160,737	25.76	623,922
MAN	10	198,862	49,317	14,250	5,700	18,000	286,129	14,000	2,429	4,000		67,234	87,663	23.45	373,792
NPR	3	50,200	10,542	5,700	475	5,400	72,317	12,960	2,722	4,000	3,000	27,776	50,458	41.10	122,775
TCC	16	358,341	143,172	41,108	3,705	20,800	575,206	34,383	13,793	6,000	11,912	159,248	225,336	28.15	800,542
THCC	11	207,767	66,486	23,714	2,280	19,800	320,047	14,702	4,705	10,000		82,414	111,821	25.89	431,868
Total	116	\$2,327,706	\$696,312	\$193,752	\$18,924	\$163,800	\$3,400,494	\$230,033	\$66,535	\$54,211	\$39,707	\$840,895	\$1,231,381	26.58%	\$4,631,875

Prepared by the House Research Agency 16-Apr-85

VPSO Program Contracts

Percent Retained for Administration



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY



P.O. Box 7, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 463-3991

April 13, 1987

MEMORANDUM

TO: Representative Niilo Koponen
ATTN: Lisa McLaren
FROM: Mary Jennings *mq*
Legislative Analyst
RE: Alaska Native Youth Suicide
Research Request 87.232

You requested that we determine characteristics that are common to Alaska Native youth suicide victims--particularly the age at which the victims started school.

Background

According to the National Center for Health Statistics (NCHS), Alaska Natives have one of the highest rates of suicide in the nation. Information on Alaskan suicides has come primarily from studies based upon death certificate data obtained from the Alaska Bureau of Vital Statistics. Suicide research has focused on regional occurrences, with particular attention to the problem among Alaska Natives. The following sections of this memorandum provide brief summaries of studies which have analyzed trends and correlations among Native suicides, with many of the studies emphasizing youth suicide.¹

Inupiat Eskimos. Historically, a traditional pattern of suicide has been recognized among some Alaska Native cultures, specifically the Inupiat Eskimo. Kraus (1971) described the typical case as a middle-aged or older male who could not perform his usual activities due to illness, old age, or

¹The three major studies noted in this memorandum were summarized in "The Recording and Epidemiology of Suicides in Alaska 1983-1984," by W. Gary Hlady, M.D., Division of Field Services, Epidemiology Program Office Centers for Disease Control and John P. Middaugh, M.D., State Epidemiologist, published by the Epidemiology Office, Division of Public Health, Department of Health and Social Services, December 17, 1986.

bereavement. Kraus stated that a period of reflection and sometimes consultation with family members preceded the final act. This form of suicide was regarded positively by the community.

The incidence of suicide among the Inupiat was stable between 1950 and 1964, but in 1965 the rate doubled and remained at that level until 1970--the end of the study period. The increase was accounted for almost entirely by suicide in the 10 to 30-year age group, with the highest risk among 15 to 25-year-olds. Kraus found that the emerging pattern of suicides differed from the traditional. The individuals involved were young, their motivation was obscure, and suicides occurred abruptly, without warning, and often in association with alcohol intoxication. This new pattern was regarded negatively by the community.

Kraus, who relied upon records review and interviews with informants, speculated that the young Native suicides shared a common development history that was characterized by disruption of the nuclear family by a variety of factors. These factors included a breakdown in traditional child-rearing practices due to increase in family size, hospitalization for tuberculosis, alcoholism, education away from home, and the disruption of family bonds by the stresses of living in a cash economy.

Kotzebue and Inupiat Regions. Travis (1983) focused on the problem of suicide in Kotzebue from data collected during 1977-1980. He found the Native suicide rate to be 90.9 per 100,000--seven times the national average--but this was based upon only eight suicides in the four-year period. He identified alienation, loss of family, low income, alcohol abuse, and high unemployment as factors related to suicidal behavior. He also identified education as a risk factor, suggesting that it may raise expectations and increase frustration in a land of few opportunities for Natives.

This hypothesis was tested in another work by Travis (1984), in which he examined the suicide rate in two culturally similar Inupiat Eskimo regions during the 1970s. The rates differed by a factor of 5 to 1. The region with the low rate of suicide had undergone tremendous economic development due to oil and gas revenues, while the other region experienced an economic depression. Travis stated that a possible reason for the disparity in the suicide rates was that one region experienced a decline in unemployment and the other experienced a sharp increase in unemployment. Travis stated that unemployment was statistically the biggest contributor to more self-destructive deaths in the NANA region than any other factor. He concluded that where economic development allowed Natives to achieve the goals and aspirations created by a modern education, the suicide rate approximated the national average.

Southwest Region. A study commissioned by the Yukon-Kuskokwim Health Corporation examined suicide deaths in Southwest Alaska, a predominately Native region, during 1979 - 1984. The report identified several villages at high risk for suicides and found that the population at greatest risk

was Native males aged 19 - 29. The typical suicide was a self-inflicted gunshot wound by a 23 to 24-year-old Native male who was intoxicated with alcohol at the time of his death. Since only 36 suicides were identified, the power of epidemiologic analyses was low, but the findings were consistent with other studies.

Indian Health Service Statewide Evaluation. A report prepared by Blackwood (1978) for the Indian Health Service examined suicide statewide among Alaska Natives. The report found that in the 1950s, suicide was well below the ten leading causes of death among Alaska Natives. By the mid-1970s, the suicide rate had risen dramatically to become the second leading cause of death. The highest rates occurred among Native Alaskans in the 15 - 24 and 25 to 34-year-old age groups. About 70 percent of suicides were male. Both male and female Native suicide victims were most likely to die as the result of gunshot wound, but females had a greater tendency than males to resort to poisoning.

Descriptive Epidemiology Statewide 1983-1984.

The report *The Recordings and Epidemiology of Suicides in Alaska 1983 - 1984*, by Hlady and Middaugh (1986), provides a review of the 195 suicides which occurred during 1983 - 1984. The study represents the first attempt to describe the epidemiology of suicides in Alaska on a statewide basis, using data obtained from a manual review of the death certificates, supplemented and validated by information in coroners' files, police reports, and autopsy records.

Age and Rate. The proportion of suicides that were Natives (33 percent) was significantly larger than the proportion of Natives in the population (14 percent). The median age for all suicides in Alaska during 1983 - 1984 was 28 years. The median age of 23 years for Native suicides was significantly younger than the median age of 32 for white suicides. Among Natives, the average annual rate for suicides was 42.9 per 100,000 population, 2.2 times the white age-adjusted rate of 19.1 per 100,000 population per year. The Native rate was calculated with a very small number of 20 and must be interpreted with caution.

Residence. A larger proportion of the Native population (73 percent) than non-Natives (33 percent) lived in communities of less than 5,000 people. When the data were stratified to adjust for the effect of the racial distribution, no statistically significant differences in suicide rates were observed between residents of small rural and larger urban communities, though a strong trend was noted for Native suicide rates to be higher in rural areas.

Temporal Distribution. For all races combined, the greatest number of suicides occurred in May and October. A roughly bimodal pattern was observed for both white and Native suicides, with strong peaks in the spring and fall. The day of suicide was known for 95 percent of the victims. A small peak among Natives on Sunday was not statistically significant.

Method. No significant race or age difference was observed in the methods used in suicide--79 percent were the result of gunshot wounds. Blood alcohol levels at autopsy were available for 169 (87 percent) of the total suicides. Of the 57 Native suicides tested, 45 (79 percent) had detectable levels of blood alcohol, compared to 53 (48 percent) of 110 suicides in whites tested. Also, the proportion of blood alcohol levels exceeding 100 millograms/deciliter was significantly higher among Native (54 percent) than among white (20 percent) suicides tested.

Employment and Marriage. Of the 125 suicides in whites, 44 (35 percent) were married compared to 7 (11 percent) married among 62 suicides in Natives. The "usual occupation...even if retired" was designated "unemployed" on the death certificates of 18 of 184 suicides for which information was available. No significant race differences were observed.

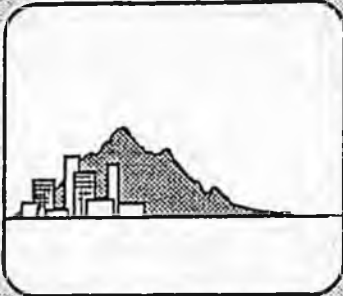
Potential Life Lost. The number of Years of Potential Life Lost (YPLL) to suicide before age 65 in Alaska during 1983 - 1984 was 6,407. Because suicides in Natives occurred at younger ages, they accounted for a disproportionately larger share of the total YPLL. Natives accounted for 65 (35 percent) of the 188 suicides before age 65 and 2,467 (39 percent) of the YPLL. The average annual rate of YPLL to suicide for Natives was 1,684 YPLL per 100,000 population, 3.4 times the annual rate for whites.

Early School Entrance. Dr. John Middaugh, Alaska State Epidemiologist, was not aware of any research examining a correlation between early school entrance of Alaska Natives (or any other race) and incidence of suicide. Dr. Middaugh felt that the data concerning school entrance would be difficult to obtain as it is not recorded on the death certificate. Dr. Norma Forbes, Research Analyst for the Division of Planning, Department of Health and Social Services, agreed with Dr. Middaugh. She stated that Native children enter school at various ages and the only way to determine when a suicide victim had entered school would be to review the cases on an individual basis. She added that even then, it may not be possible to obtain the data. Both doctors agreed that due to the relatively small amount of data concerning Native suicide, it would be difficult to draw statistically significant conclusions concerning early school entrance and suicide..

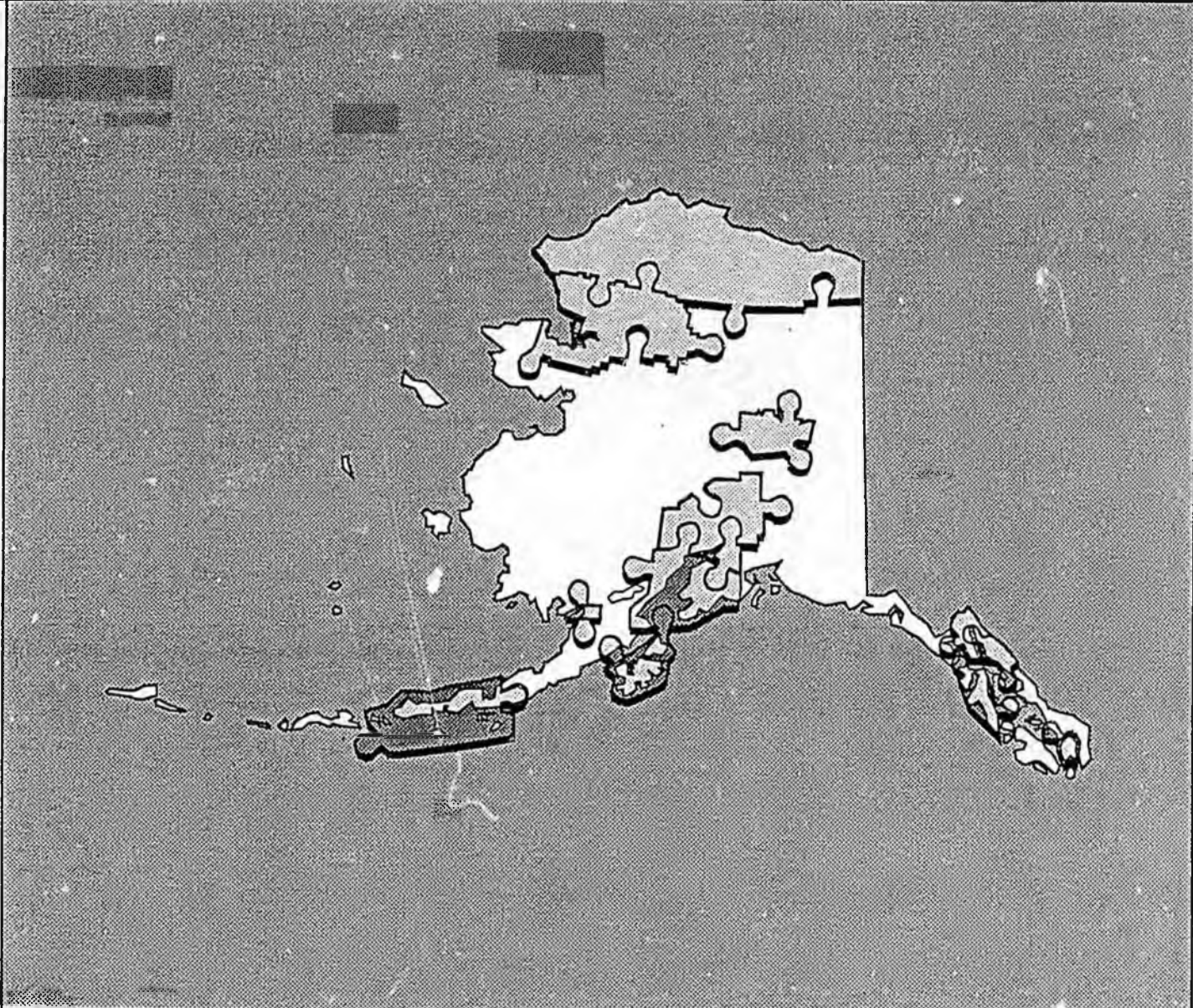
* * *

I hope you find this information useful. I have requested Dr. Middaugh to provide data concerning the month of birth of Native suicide victims during 1983-84. He stated that these data are not in the computer system at this time but he felt he could provide the data by mid-month. Dr. Middaugh again warned that statistical significance of these data may be minimal due to the small number of cases. I will forward this to you upon receipt. Please contact me if you have any questions.

THE FOLLOWING DOCUMENT HAS
NOT BEEN FILMED BUT IS
AVAILABLE IN THE ORIGINAL
FILE



Regional Government Study



State of Alaska
Steve Cowper, Governor

Department of Community and Regional Affairs
David G. Hoffman, Commissioner

January 1988



[20 SSB1]

(A)

I

AVCP

Association of Village Council Presidents
P. O. Box 219 • Bethel, Alaska 99559 • Phone 543-3521

December 1, 1987

Dr. David Harrison, Professional Assistant
House Community and Regional Affairs Committee
3111 "C" Street, Suite 463
Anchorage, Alaska 99503

Dear Dr. Harrison:

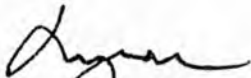
At the 23rd Annual Convention of The Association of Village Council Presidents, Resolution 87-10-09 (attached) was passed by the Convention Delegates.

The resolution opposes the passage of Sponsor Substitute House Bill 1, (SSHB1), as stated within the resolution.

If you have any questions or additional information, please don't hesitate to write or call.

Sincerely,

ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS
Gene Peltola, President



Myron P. Naneng
Vice President

MPN:cd

Attachment

AVCP

Association of Village Council Presidents
P. O. Box 219 • Bethel, Alaska 99559 • Phone 543-3521

CONVENTION RESOLUTION NO. 87-10-09

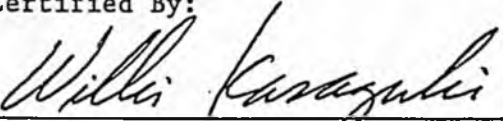
- WHEREAS, The Association of Village Council Presidents is the regional tribal organization and non-profit Alaska Native regional corporation for the 56 member Yupik Native communities of the Yukon-Kuskokwim Delta region of Western Alaska; and
- WHEREAS, The AVCP supports each member villages' endeavors to promote high quality education at all levels, and
- WHEREAS, The Sponsor Substitute House Bill 1 (S.S.H.B.1) would enforce the conversion of most R.E.A.A. School Districts into third class boroughs, and
- WHEREAS, The S.S.H.B.1 does not differentiate between unorganized communities that have already taken steps to organize and currently tax themselves to help support local schools and services, and
- WHEREAS, S.S.H.B.1 does not differentiate between resource rich or wealthy areas of Alaska and those that are resource poor with the result that wealthy and poor areas are treated the same, and
- WHEREAS, The S.S.H.B. 1 encourages the creation of third class boroughs instead of other forms of government that might be better able to deal with the many different kinds of issues that confront the residents of the Yukon-Kuskokwim Delta, and
- WHEREAS, The S.S.H.B. 1 encourages the elimination of small R.E.A.A. districts and small city control in favor of forced regionalization which reverses a decades-long trend toward increased local responsibility and control also, and
- WHEREAS, The S.S.H.B. 1 would directly lead to the imposition and collection of property and/or other kinds of taxes on residents within such forced third class boroughs, and
- WHEREAS, An accurate acceptable property tax assessment has never been made in many, many Alaskan communities including all or nearly all of these in the Yukon-Kuskokwim Delta, and
- WHEREAS, The cost of employing tax collectors and/or administrators in many communities would likely result in very little revenue being left for other purposes, and
- WHEREAS, the S.S.H.B.1 would not lead directly to either better local government or better schools.

NOW THEREFORE BE IT RESOLVED that the Association of Village Council Presidents oppose the S.S.H.B. 1 in its present form and request other concerned organizations to also oppose passage.

Adopted by action of unanimous vote of delegates assembled at the 1987 Fall Convention of the Association of Village Council Presidents held in Scammon Bay Alaska on October 17, 1987, meeting in a duly constituted meeting of the AVCP Full Board of Directors with a quorum having been present.

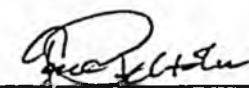
CERTIFICATION

Certified By:



Willie Kasayulie, Chairman

Attested By:



Gene Peltola, President

(B)
NOV 30 1987
orig JNY

Alaska MUNICIPAL League



TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

To: David Harrison, Aide to Representative Springer
From: Scott A. Burgess, Executive Director *[Signature]*
Date: November 25, 1987
Subject: HR 1 - Third Class Boroughs for Education

I apologize for not sending comments on HB 1 sooner and thank you for your patience. With the conference behind me, I have a little more time and some policy direction for these comments.

Several quotes from the recently adopted 1988 AML Policy Statement, now at the printers, provide a policy base for my comments on behalf of the AML:

PART II - Education

A.1.a. The Alaska State Constitution mandates in Section 1, Public Education, that the State shall establish and maintain a system of public education, open to all the children. Therefore, the League supports the State's assuming full financial responsibility for basic education.

PART VIII - Local Government Powers:

C. Unorganized Borough - The League urges the Legislature to address the organization of the unorganized borough.

E. Formation of New Municipalities; 1. State Policies: The League supports state policies which encourage rather than discourage the formation of new municipalities.

Finally, and most directly related to the legislation, I have enclosed a copy of the AML resolution in support of legislation allowing the formation of new third-class boroughs. Based on this resolution, the AML basically supports the option of third-class boroughs for education purposes. However, the resolution speaks to "choice" but the legislation makes it mandatory.

The AML worked hard for six years to get Title 29 revised. As a result of the amendments to Title 29 third-class boroughs are no longer an option. The reason the AML pushed for this change was that the third-class borough was created just for the Haines Borough, which is

Memo to David Harrison Re HB 1

November 25, 1987

Page 2

"grandfathered" in under the legislation that passed. The mandatory powers of a second-class borough are limited to education, taxation and planning and zoning. This is reasonable and minimal government. Such entities provide additional services only by a vote of the people.

Finally, I have a few comments on Karen Oakley's paper on HB 1, dated October 9, 1987. The paper clearly outlines that the mandatory creation of third-class boroughs is not an easy solution to the problem of equity and education funding. It also points out a number of related issues that could not be adequately addressed given the time and scope of the paper.

While the foundation formula approved last year was an improvement, and, as Ms. Oakley implied, easier to understand, it is not without its critics among municipalities trying to raise the local effort. The formula did not address local effort for the unorganized area but, of course, that is the main reason for the legislation.

The biggest complaint I heard last year about HB 1, other than bringing back third-class borough, was from first-class cities such as Galena whose school powers would be "subsumed" by the new third-class boroughs. I believe Ms. Oakley's paper points out the reasons for their concern.

The AML supports the State meeting its Constitutional mandate to fund basic education; however, the goal seems to be how to shift that expense to the local level. If we assume for the sake of discussion that the cost will be borne partly by local revenues as it has been to varying degrees, the direct benefit of HB 1 would appear to be equity among all who benefit from education and the cost of that education. This could also be achieved with an income tax or a head tax and perhaps at less cost. (This is not to say the AML supports an income tax.) Ms. Oakley did raise the problem of the cost of property tax collection in the proposed boroughs.

In terms of the funds for education, HB 1 is almost "a wash", however. While \$13.4 million could be reduced from State aid to education, the net gain to the State after the loss in property tax revenues is only \$3 million. (If the money gained from local effort were redistributed, an option discussed briefly by Ms. Oakley, would the

Memo to David Harrison Re HB 1
November 25, 1987
Page 3

foundation formula still meet the disparity test, the actual goal of the new formula passed last year?) Ms. Oakley points out that the total revenue available for education under HB 1 would be the "same as the status quo; the local effort merely replaces state aid". If under HB 1 the State's net gain is small, and the same funds are provided for education as now, then the real effects of HB 1 are outside the area of school finance. Another benefit of the borough formation under HB 1 would be local control which is the best reason for local government. Does this outweigh the local costs? Is mandatory borough formation without some other "carrot" or reason destined?

Ms. Oakley raised the issue of "ability to pay" which is an interesting concept raised by some at the annual conference. By gross numbers, Ms. Oakley points out that there is enough "cash" to meet the local effort; however, the people with the cash may or may not be those with the taxable property.

I hope these comments are helpful, and I will look forward to your analysis. The AML will be following the bill in the Second Session.

RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

RESOLUTION NO. 88-15

A RESOLUTION ALLOWING FUTURE THIRD-CLASS BOROUGHS.

WHEREAS, the Alaska State Statutes no longer allow the formation of third-class boroughs, and

WHEREAS, the third-class borough is a good form of government and might be the best form of government for areas which may desire to organize in the future and which are concerned mainly with education, and

WHEREAS, third-class boroughs may be appropriate and even desirable in some areas but inappropriate in others, and

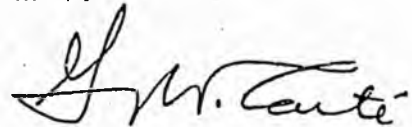
WHEREAS, third-class boroughs would provide local support for the school system;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League urges:

1. That the Legislature reconsider allowing unorganized areas the choice of organizing into third-class boroughs; and

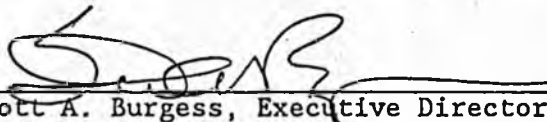
2. That first- or second-class boroughs or home rule boroughs may not declassify to third-class borough status.

Adopted this 13th day of November 1987.



George W. Carte', President

ATTEST:



Scott A. Burgess, Executive Director

District Offices
P.O. Box 00309
Nenana, Alaska 99760



*Let's draft them a reply and
thank them for letting us
know of their concern on SSHB 1
& their resolution.
Also, I believe HB 1 would
encourage Pindley & give greater
local control. Telephone:
(907) 832-5592
Copy up line of communication
with them on subject.)
R. L*

November 16, 1987

Representative Ron Larson
House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Representative Larson,

At the November 11, 1987 School Board Meeting of our district the Board adopted the enclosed Resolution concerning SSHB 1. We would appreciate it very much if you would take our thoughts into consideration.

Sincerely,

Fred L. Lau / CLH

Fred L. Lau
Superintendent

FLL/clh
Enclosure 1



Administrative Offices
P.O. Box 100
Nenana, Alaska 99760
(907) 852-5597

Fred L. Lau
Superintendent

RESOLUTION NO. 88-01

WHEREAS, SSHB 1 would erode the local control of not only REAA's but also small city school districts; and

WHEREAS, the original intent of the Legislature was to create a system of more local control in unorganized areas such as REAA's; and

WHEREAS, consolidation of school districts would effectively eliminate the concept of local control as it exists today; and

WHEREAS, all data indicates that the formation of mandatory third class boroughs would result in lower funding levels per student than at present, resulting in poorer quality schools;

THEREFORE, BE IT RESOLVED, that the Yukon-Koyukuk School District opposes SSHB 1 and requests other concerned groups to also oppose passage.

PASSED, APPROVED AND ADOPTED BY THE SCHOOL BOARD OF THE YUKON-KOYUKUK SCHOOL DISTRICT THIS 11th Day of November, 1987.

ATTESTED:

Patrick J. Madas.
Chairman, Yukon-Koyukuk School District Board

11-11-87
Date

Linda S. Evans, Board Secretary for
Clerk, Yukon-Koyukuk School District Board

11-11-87
Date

Larry We need a brief general Reply

(D)

Mike and Barbara Coombs
P.O. Box 325
Nenana, AK 99760

Representative Ronald Larson
P.O. Box 53
Palmer, AK 99645

November 20, 1987

Dear Representative Larson:

Having read your article in the November 1st edition of the Fairbanks Daily News-Miner, regarding the formation of borough governments, I thought to convey my ideas on the subject. As I live in the Healy-Nenana area, passage of your bill would have a direct effect on me and my family's lifestyle.

I am in disagreement with you on almost every point you made in your argument.

Your first point was that each newly organized borough would receive \$600,000 from the state. I suggest that this money will do no more than put in place a taxing authority - a new level of bureaucracy that will have to be supported by the residents within its boundaries. That amount of money would go nowhere in setting up a workable government. (I find it very telling that your first word on the subject was the money the state would hand out to gain its end; though, after all, this ploy has proven to work so well.) It only sounds to me as if you are asking the local governments to "sell out" what control they now have for \$600,000; after three years the money is spent and they have in place a borough government, a monster, they will not be able to get rid of - a monster that will take how many more thousands of dollars to continue to support?

Your next point is the 10% land selection: this sounds good on the surface, but in reality many of the areas do not have much state land within their boundaries to select from - the most valuable land is already taken. Besides that, take a look at the track record of the existing organized boroughs - those lands have not eased many of their problems.

Regarding your point on revenue sharing: I believe that if you attended your borough meetings you would discover that the reality of the situation is that federal and state revenue sharing is diminishing fast. The services these funds could finance, such as

the public services that you quoted, are being met sufficiently in the unorganized areas with the means already available to them.

As for bonding powers: That is one of the biggest problems right now facing all governments in the state. With almost 30% of the state budget going for debit services, there is only danger in that path: what is good in a flood of oil dollars is not necessarily best now. One poignant example is the heavy load the Kenai Peninsula Borough taxpayers find themselves under at this time.

You bring out a point that the people would be taking for themselves the powers and functions that now lie in the hands of the state legislature. This also sounds promising, but in reality it does not work that way. Ask the people in your area if they feel they have much control over the bureaucracy that dictates their daily lives. Government doesn't help an individual to do a thing, it puts obstacles in his path - fees, licenses, restrictions, ..red tape. At a time when we must diversify the economy and break away from government dependancy, we should not make the process more difficult by adding more layers of government.

We who live in the outlying areas do so by choice; we do not feel a deprivation of those services, those "benefits", of which you promise a borough could provide.

Let me point out what I see as the benefits of the status quo:

Foremost is the lack of interference in my daily life. The physically further away the seat of government is, the less impact it has on one's daily existence. We here, of all the people in the U.S., have the privilege of owning our own homes - and not "renting" them from any government or agency (i.e. property taxes.) This may sound extremely radical to those who have, and who have always had, the burden of such taxes - but fail to pay that "rent" and see who really owns your house. Take a close look at the unorganized boroughs, and take into account all the lands that will remain non-taxable, and it becomes clear that the burden that will rest on those who will be taxed will be heavier than they will be able to carry.

One thing that you failed to mention in your article is that HB#1 is directed to force the rural areas to pay 30% of the cost of their schools. Most of these areas do not have the tax base to support that amount of funding. Those that do, have most generally already taken over school funding - those areas where the population

is big enough to warrant such a move. Your bill as written would take away their control and give it to a borough - a very unpopular idea.

Borough form of government to cover large under-populated areas does not work: only the centers of population of the borough are able to reap any of whatever benefits might be gained - leaving to their outlying areas a few garbage dumpsters, more restrictions, and property taxes. Ask the people living in such situations!

When such time arrives that the bush areas develop a population and a tax base to warrant a need for the (dubious) benefits a borough form of government could provide, perhaps such a move should be considered. We are far from that point now. May I suggest that misery loves company? - and those who find themselves weighed down under property taxes and huge bonded-indebtedness due to the benefits of their borough governments may feel such sentiments toward their fellow Alaskans who live outside those boundaries. Please, don't drag us into the morass with you.

Sincerely,



cc: The Fairbanks Daily News-Miner
Representative Richard Shultz



Alaska State Legislature



REPRESENTATIVE BILL HUDSON

P.O. BOX V
Juneau, Alaska
99811
(907)465-3744 or 4991

COMMITTEES:
Transportation
HESS
Telecommunications
Fisheries
International Trade

November 12, 1987

Representative Ron Larson
Alaska State Legislature
P.O. Box 53
Palmer, Alaska 99645

Dear Ron,

I appreciate your copying me with the letter to REAA school board presidents. The information is helpful to me and is about a topic of concern to me.

I look forward to talking to you about HB 1 and the subject of local organization when you return to Juneau in January. I agree that it is time to complete organization throughout all of our state.

Have good holidays and see you soon.

Respectfully,

Bill Hudson

BH/skp

NORTHWEST ARCTIC BOROUGH

(H)



P.O. BOX 1110
KOTZEBUE, ALASKA 99752
(907) 442-2500

DEC - 7 1987

November 23, 1987

Dr. David Harrison, Professional Assistant
House Community & Regional Affairs
3111 C. Street, Suite 463
Anchorage, Alaska 99503

Dear Dr. Harrison:

The Northwest Arctic Borough opposes the passage of SSHB1, sponsored by Representatives Larson and Menard. We are against any legislation that would require the mandatory formation of Boroughs in the unorganized areas of the State.

For any Government to be successful it needs an economic base to create a stable revenue source to fund its operations. For the most part in the unorganized areas of the State, this economic base does not exist. But as we have seen over the last two years, where there is an economic base these areas will form into organized Boroughs. The new Aeutians East and this Borough are good examples.


In addition to a stable economic base, the other requirement is strong local support for the formation of a Borough. As we have experienced, the process of building a Government requires a significant commitment from the elected officials and the people. If we did not have this support, it would have been difficult, if not impossible to put in place the structure and policies needed to successfully operate a local government. The desire for Borough formation can not be externally generated. The imposition of government without strong local support is a prescription for failure.

While we appreciate the concerns of the sponsors, their efforts would be better directed towards creating and maintaining a strong economic base in the unorganized Borough and fostering local support for the creation of new regional governments.

Ambler, Buckland, Candle, Deering, Kiana, Kivalina,
Kobuk, Kotzebue, Noatak, Noorvik, Selawik, Shungnak.

Thank you for the opportunity to respond to this legislation. If you have any questions or require any additional information, feel free to contact me.

Sincerely,



Chuck Greene,
Mayor

cc: Senator Hensley
Representative Adams
Martha Fischback

CG/pl

RECEIVED
11-25-87 (I)



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

DEC - 7 1987

November 20, 1987

Honorable Stan Peters, Mayor
Emmonak City - P. O. Box 8
Emmonak, Alaska 99581

Dear Mayor Peters:

Just a delayed note to say that I enjoyed visiting and meeting with the Mayors of the Coastal Yukon Mayors Association.

In gathering information pro and con on SSHB 1 - Mandatory Borough Bill, Representative Henry Springer would appreciate any comment on this bill that is in his committee. I know Martha Fischbach, his Secretary has asked for this information and I just want to follow-up a bit so we can have your concerns for the record and for the committee members.

If you could poll or call the various mayors, and indicate the number that are for SSHB 1 _____; indicate the number that are against SSHB 1 _____. Thanks for your time and effort in this matter.

We would appreciate any comments that you wish to add based upon phone calls, etc. Space is provided for your written comments.

Comments on SSHB 1.

It is the concensus of the majority of the mayors that they are opposed to SSHB 1. However, we are not going to be like ostriches and stick our heads in the sand, we are proceeding with studies on boroughs and the financial burdens it would curtail.

Please us the backside if you need more space to write.

Sincerely yours

David C. Harrison
Dr. David C. Harrison, P.A. HCRA
cc: Martha Fischbach, Secretary HCRA



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

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19
10/13/87
W.S.

M E M O R A N D U M

To: All HCRA Members

From: Rep. Henry Springer, Chairman
HCRA

Date: September 15, 1987

Subject: October 13, 1987 Work Session

JS

There will be a Work Session of the House Community and Regional Affairs Committee on Tuesday, October 13, 1987, in the 5th Floor Conference Room, at the Legislative Offices, 3111 C Street, in Anchorage, from 9:00 a.m. to 12:00 noon.

Topics of discussion will include:

- HB 1-Converting REAA's into 3rd Class Boroughs
- HB 33-Inoperative Schools
- Local Governance
- Rural Governance Council
- Interim Work Plan (Travel, Hearings, Meetings, Education)
- 2nd Session Legislation (old, new, rewrite, etc.)
- Rural Economic Districts

If there are other topics you would like to discuss, please advise me or my staff of them by 12 noon, Friday, October 2.

cc: All Senators
All Representatives
Marty Rutherford, DCRA
Doug Griffin, DCRA
Jay Livey