

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

4539 HES HB 245 - HB 258

HB

245

HB 245 An Act relating to permanent fund dividends
for individuals incarcerated after conviction for
a felony; and providing for an effective date.

FILE CONTENTS

- 1) Copy of HB 245
- 2) Zero fiscal note, Department of Corrections, 4/3/87
- 3) Fiscal note with analysis, Revenue, 5/4/87
- 4) Position statement, Department of Law, 3/2/87
- 5) Memorandum, Tamara Cook, 3/27/87
- 6) Copy, AS 43.23.065
- 7) Letter, L.S. (Dusty) Rhodes to Rep. Koponen, 4/24/87
- 8) House HESS minutes, 5/6/87
- 9) House HESS minutes, 5/8/87

HB 245

amendment:

pg. 2, line ~~28~~ 29 - delete:

[the Dept. of Corrections to
be used for upkeep of
inmates.]

insert - the crime victim
compensation fund
(AS 18.67.162), to
be used for the
purposes stated in
AS 18.67.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Revision Date: _____ Agency Affected: Department of Corrections

Title: "An Act relating to permanent fund dividends for individuals incarcerated" BRU: _____

Sponsor Rep Barnes, Adams, Collins Components: _____

Requestor: _____

Bill Version: HR 45
 Publish Date: 04-03-87

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
----------------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
----------------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Susan Knighton

Prepared by: Susan Knighton, Research Analyst IV Phone: 04-22-87
 Division: Statewide Programs Date: 465-3376

Approved by Commissioner: Susan Humphrey-Barnett *SHB* Date: 04-22-87
 Agency: Department of Corrections

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 245

Publish Date: _____

REQUEST _____

Revision Date: _____

Title: An act relating to permanent fund dividends for individuals.

Sponsor: Barnes, et al

Requestor: HESS

Agency Affected: Revenue

BRU: Permanent Fund Dividend

Components: Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	2.1	1.1	1.1	1.1	1.1
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	1.1	0.5	0.5	0.5	0.5
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	3.2	1.6	1.6	1.6	1.6
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (PFD)	-	3.2	1.6	1.6	1.6	1.6
TOTAL	-	3.2	1.6	1.6	1.6	1.6

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	1	1	1	1	1
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

(See attached)

Prepared By: Ervin Barnes
Division: Administrative Services

Phone: 465-2313

Date: 5/4/87

Approved by Commissioner: [Signature]
Agency: Revenue

Date: 5/4/87

Distribution (by Agency preparing fiscal note):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Department of Revenue
Administrative Services Division
Fiscal Note Analysis
HB 245
5/4/87

Assumptions:

1. The bill will become law in 1987.
2. Per the Department of Corrections, there are approximately 3,200 felons who would be incarcerated during part or all of a given fiscal year.
3. The Department of Corrections will provide the Department of Revenue with a list, via magnetic tape, which includes:
 - a) All persons, including full name, birthdate, and social security number, who were incarcerated during all or part of the previous fiscal year for a felony conviction. This list will be provided by August 1 of each year.
 - b) On a paper copy, an annotation of all persons who the Commissioner of Corrections determines are "otherwise eligible under AS 43.23.005(a)(1) and (2)."

Program Summary:

The Department of Revenue will use the list provided in assumption 3(a) to match against the PFD file. Any person who files an application and who appears on that list will be denied their dividend. A denial notice will be sent to the applicant, with notice of right to appeal. If appeals are forthcoming, the Enforcement Division will hold informal conferences, and where requested by the applicant, the Commissioner will hold formal hearings and represent the Department in Superior Court. This is expected to generate approximately 2,000 additional denials in the first year, with a decreasing number in subsequent years, as felons realize that they are ineligible for the dividend.

Using the list prepared as described in assumption 3(b) and using denied applications filed by felons, the Enforcement Division will review all persons listed by the Commissioner of Corrections as residents. This may extend to direct contact with incarcerated felons as to their intent to remain. Those persons determined to be "otherwise eligible" will be included in the denominator under AS 43.23.025.

1. Positions:

1 PPT Document Processor I, R7, @ \$2117.76/Mo including salary and benefits for 1 month	=	\$2.1
--	---	-------

This position will assist in the determination of filings by felons and in the processing and mailing of denial notices, appeals, and correspondence. Reduced by half in the second and subsequent years.

2. Other Expenditures:

a) Travel: None.

b) Contractual:

Printing costs and postage for 2,000 additional denial notices, appeal forms and envelopes. Reduced by half in second and subsequent years. =

1.1

c) Supplies: None.

d) Equipment: Use existing.

-0-

TOTAL COST

\$3.2

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

March 2, 1987

The Hon. Ramona Barnes
Alaska State House
P.O. Box V
Juneau, AK 99811

STEVE COWPER, GOVERNOR

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

P.O. BOX K-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

Re: Proposed bill relating to incarcerated convicted felons
Our File No. 663-87-0381

Dear Representative Barnes:

In response to your memorandum of February 21, 1987, we have reviewed the draft bill proposing to make incarcerated felons ineligible for permanent fund dividends. Except for minor technical differences, this bill is the same as CSHB 575(Fin)(title am), passed by the House of Representatives in 1984. As you know, this office reviewed the 1984 bill and concluded that, although constitutional issues may exist, in our opinion the denial of permanent fund dividends to convicted, incarcerated felons is constitutional. 1984 Inf. Op. Att'y Gen. 366-525-84 (April 23). At this time, we see no reason to alter our earlier opinion, and therefore we believe your proposal would withstand a constitutional challenge.

On February 15, 1984, this office issued an informal opinion that the original version of HB 575 introduced in the House had some serious constitutional problems. 1984 Inf. Op. Att'y Gen. 366-424-84 (February 15). Most of the potential problems identified in that memorandum were corrected in subsequent versions of the bill, however, and are not present either in the bill which passed the House that year or in the bill which you submitted to us for review.

We do not, at this time, have any opinion on the merits of this proposed legislation. However, we would like to suggest a few minor changes. In sec. 1, the bill refers to individuals who are incarcerated "during all or part of the eligibility period for that year's dividend." Under AS 43.23.005(a)(2), the eligibility period for any individual is not a definite period of time, but rather is a floating six month period prior to the date the individual files an application. Since we can assume that these people will not actually submit an application, it may be difficult to decide what six month period should be utilized. We recommend that this language be changed to specify a definite

The Hon. Ramona Barnes
Alaska State House
AG File No. 663-87-0381

March 2, 1987
Page 2

period of time, such as "during all or part of the fiscal year." This change also makes some intuitive sense, because the dividends are based upon earnings during the fiscal year, and because this legislation is designed to reimburse the Department of Corrections for expenses incurred during the fiscal year in which the person is incarcerated.

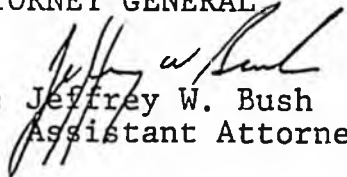
With respect to sec. 3 of the bill, proposed paragraph (5) is probably unnecessary, since this provision is already covered in sec. 2 of the bill. Also, in paragraph (6), we recommend that the words "in cooperation with the Department of Corrections" be inserted after "regulations."

Finally, with respect to the effective date of the Act (sec. 6), it might be simpler to have the Act take effect at the beginning of FY 88; this would also eliminate the need for sec. 4 of the bill.

Please contact me if you wish to discuss this further.

Sincerely,

GRACE BERG SCHAIBLE
ATTORNEY GENERAL

By:  Jeffrey W. Bush
Assistant Attorney General

JWB:lb

cc: Arthur H. Peterson
Mike Stark

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 27, 1987

SUBJECT: Permanent fund dividends of incarcerated individuals (Work Order No. 15-0701A)

TO: Representative Ramona Barnes

FROM: Tamara Brandt Cook *TBC*
Director
Division of Legal Services

Here is the sectional analysis that you requested of a draft bill dealing with permanent fund dividends and incarcerated individuals.

Section 1. A new provision is added making a person convicted of a felony ineligible for a permanent fund dividend if, during all or part of the fiscal year ending before checks are mailed, the individual is incarcerated. This provision applies whether or not the individual has applied for the dividend.

Section 2. This is a new provision. For the purposes of calculating the amount of the dividend for a year an individual who is ineligible due to incarceration but who is otherwise eligible under residency requirements will be counted as an eligible individual whether or not the individual applies for a dividend.

Section 3. Two new requirements are added to the list of duties of the Department of Revenue: (1) to annually determine the number and identity of individuals ineligible for permanent fund dividends because of incarceration and the number of ineligible individuals counted as eligible for purposes of determining the amount of a dividend for the year; (2) to adopt regulations necessary to implement the new ineligibility provision that applies to certain incarcerated individuals.

Section 4. The bill applies only to dividends for years after 1987.

Representative Barnes
Page 2
March 27, 1987

Section 5. The legislature intends to appropriate from the dividend fund to the Department of Corrections for upkeep of inmates an amount equal to money that would otherwise be paid as dividends to incarcerated individuals.

Section 6. The bill has an immediate effective date.

TBC:csh
c7/109

April 24, 1987

Representative Niilo Koponen
P.O. Box V
Juneau, AK 99811

Dear Representative Koponen:

HB245
I'm going to have a tough time getting anyone to listen, but I have to try. ~~HB13~~ and SB177, the proposal to use prisoners' dividend funds for something other than giving it to the prisoner, is wrong. Maybe wrong is the wrong word; how about unjust since everyone talks about being just.

First, the "sentence" imposed by the court did not say five years and \$5,000. plus your permanent fund dividend for the next five years. Secondly, the sentence imposed did not say 5 years and \$5,000. plus whatever expenses the State incurs in keeping you in prison. Third, the sentence imposed varied from individual to individual, depending on the crime committed. Let's say Sam is serving ten years for breaking into a ladie's home and raping her; Joe is serving a five-year term for driving drunk, causing an accident in which someone was seriously hurt; Jim is serving a two-year term for shop-lifting an \$8,000. Rolex watch. The sentence imposed was different but is now amended by HB13 and SB177 to say they each give up their permanent fund dividend. Fourth, the legislature keeps getting into the judicial process further and further. Whatever happended to "separation of powers" theory? We have presumptive sentences, which I doubt you could get one judge in the United States to agree with, dictated by the legislative action. Now the legislative branch wants to dictate monetary penalties (that is exactly what HB13 and SB177 will do.

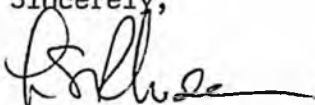
I would also wager that not more than 10 House or Senate members voting on this bill have ever visited one of our correctional facilities for more than "a guided tour". For example, what percentage of the inmates have families that bring them needed items, i.e. underwear, shirts, pants, shoes, socks, hairbrushes, deodorant, and the other things we use in our daily lives? What percentage of the inmates have more than a few dollars in their accounts to buy these things, plus cigarettes, treats, sodas, etc., on the approximately 50 cents per hour they make while in prison? What percentage of the prisoners are still wearing the same clothes they came in with? The answer to those questions should be disturbing if you knew the truth. Contrary to what you may have been told, the facility I am familiar with doesn't provide any of those things - the inmates must purchase them from the Company Store. Inmates are not allowed to borrow each other's clothes, even for a short period of time, while they wash and dry the ones they had

on. In many, many, many cases the dividend check is the year-round source of income to provide these necessities. Finally, the hope of many of these inmates is to have enough saved when they do get released to get a place to live and a means of transportation. The approximately 50 cents per hour they earn will never amount to (1) a months rent in advance (2) a deposit on the electric/telephone bill (3) the second-hand "junker" with minimum insurance to get back and forth to work. The dividend at least gives them hope.

Finally, just how much "justice" do we want? Too many of us who have never committed a crime seem to think the criminal deserves everything bad we can dish out. Prison, the loss of freedom, is only one of the penalties a criminal must pay. A felon loses his/her citizenship rights - many job opportunities are closed to them for a lifetime because of bonding requirements - many friends and relatives no longer will socialize with them - families are separated and sometimes permanently divided (especially where children are concerned) - and certainly the criminal is financially reduced to ruin with legal costs and fines assessed before prison begins. The power to dig in one more time - to deliver one more punishment - is just too great for some people to leave alone! Besides, who cares what happens to the prisoner? Even if they complain, who cares? They deserve what they get - right?

Well, I say it's WRONG and I hope someone listens!

Sincerely,



L.S. (Dusty) Rhodes

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/3/87

FURTHER REFERRALS: Judiciary
Finance

DATE: 5/8/87

The Health, Education and Social Services Committee has considered HB 245

"An Act relating to permanent fund dividends for individuals incarcerated after conviction for a felony; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 245 (HESS) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Roll E. Creech
Allyce H. ...
Bill ...
Max ...
...
...
...

SIGNING OTHER RECOMMENDATIONS:

Roll E. Creech
 Chairman's signature

H B

249

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907.465.3800

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Hess:

April 15, 1987

April 16, 1987

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/8/87

FURTHER REFERRALS: Finance

The Health, Education and
Social Services

DATE: 4/16/87
HB 249

Committee has considered

"An Act relating to the issuance bonds of the University of Alaska for refinancing housing; and providing for an effective date."

RECOMMENDS:

- replace with _____ the same title
 attached amendment(s) a new title
 do pass
 do not pass
 no recommendation
 individual recommendations
 additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
 zero fiscal note same as previous zero fiscal note published _____
 zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

[Signature]
Chairman's signature

HB 249

An Act relating to the issuance bonds of the University of Alaska for refinancing housing; and providing for an effective date.

File Contents

- 1) Copy of HB 249
- 2) Zero fiscal note, U of A, with analysis
- 3) Refinancing Yak Estates Indebtedness Summary
- 4) Letter, Brian Rogers to Niilo Koponen, 4/13/87 re Yak Estates Refinancing
- 5) Minutes, House HESS, 4/16/87

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version : HB 249

Publish Date : _____

Revision Date: 4/13/87

Agency Affected: University of Alaska

Title: Relating to the issuance of bonds
of Univ. Ak. for refinancing housing

BRU: _____

Sponsor: Rep. Frank

Components : _____

Requestor: House HESS

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0				

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

REVENUE		0				
----------------	--	---	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No cost to general fund. See attached.

Prepared by: Brian Rogers, Director of Budget Development

Phone: 474-6490

Division: University of Alaska

Date: 4/13/87

Approved by Commissioner: _____

Date: 4/13/87

Agency: University of Alaska

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. House Bill 249

Analysis:

The primary purpose of the legislation is to clean up the current debt structure of the University of Alaska housing system. This will simplify management of the housing by eliminating restrictive bond covenants, allowing all segments of the housing system to be accounted for and handled in the same manner. A single debt structure will also make future expansion of the housing system through new issues of revenue bonds more marketable, and eliminate the potential of having to refinance the Yak Estates debt under less favorable market conditions. Based on recent favorable low interest rates, the university also hopes to obtain a lower long-term debt service cost.

The housing system currently supports three separate types of debt issues: a 1958 GO Bond issue, six series of 1961 through 1968 Revenue Bonds, and a 1972 deed of trust note on the Yak Estates facility. Commitments for the 1958 GO Bond issue will be paid off this year. The university is currently working with the U.S. Department of Education and the State Bond Committee on a proposal to obtain a discount of approximately \$2 million on the early redemption of the 1961-1968 Revenue Bonds, which will make refinancing of these low-interest loans economically viable. Refinancing of the Yak Estates deed of trust note with a tax-exempt issue which is comparable to the revenue bond refinancing series will provide the housing system with one consistent set of covenants, restrictions, and debt service requirements.

There is no cost to the general fund of this legislation. Passage is supported by the University of Alaska Board of Regents.



University of Alaska
Statewide System of Higher Education
Fairbanks, Alaska 99701

April 13, 1987

Representative Nillo Koponen, Chairman
House Health, Education and Social Services Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Re: HB 249, Yak Estates Refinancing

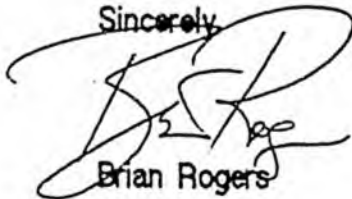
Dear Rep. Koponen:

Attached is a copy of an information summary and fiscal note for House Bill No. 249. The bill essentially allows the university to clean up the debt structure for the Fairbanks campus housing system at a time when market conditions are favorable.

Although there is no state general fund impact, we hope to save some of the housing system revenues over the long-term through reduced debt service.

If you need any further information or have any questions, please let me know.

Sincerely,



Brian Rogers

cc: Representatives Steve Frank and Mark Boyer, co-sponsors

House Bill No. 249
University of Alaska
Refinancing Yak Estates Indebtedness
Summary

Purpose of the refinancing:

The primary purpose for refinancing the Yak Estates debt is to clean up the current debt structure of the university housing system. One consistent debt structure will make management of the housing system less complex by eliminating restrictive bond covenants and allowing all segments of the housing system to be accounted for and handled the same. One debt structure will also make future expansion of the housing system through new issues of revenue bonds more marketable and eliminate the potential of having to refinance the Yak Estates debt under less favorable market conditions. In addition, based on recent favorable low interest rates, the university also hopes to obtain a lower long-term debt service cost.

4 The housing system currently supports three separate types of debt issues; a 1958 General Obligation Bond issue, six series of 1961 through 1968 Revenue Bonds, and a 1972 deed of trust note on the Yak Estates facility. Commitments for the 1958 General Obligation Bond issue will be paid off this year. The university is currently working with the U.S. Department of Education and the State Bond Committee on a proposal to obtain a discount of approximately \$2 million on the early redemption of the 1961-1968 Revenue Bonds which will make refinancing of these low interest loans economically viable. Refinancing of the Yak Estates deed of trust note with a tax exempt issue which is comparable to the revenue bond refinancing series will provide the housing system with one consistent set of covenants, restrictions and debt service requirements. In addition, the refinancing will provide an enhanced ability to market additional issues of revenue bonds if future expansion of the housing system is needed and issuance of bonds is approved by the legislature.

Sectional analysis of the bill:

Section 1.

Authorizes the issuance of revenue bonds in an amount not to exceed \$2,400,000. Section 1 also provides that the principal and interest on the bonds will be paid from the housing system revenue fund which was established by ch. 56, SLA 1961 for the repayment of the 1961-1968 series revenue bonds. Revenues from the facility will also be deposited to the housing system revenue fund.

Section 2.

Applies all provisions of the 1961 Act to this issue except for the limitation on the rate of interest which was included in the original legislation. The 1961 Act limited the interest rate of the bonds issued to six percent. Section 2 also makes specific sections of ch. 93, SLA 1974, as amended, which authorized the issuance of revenue bonds for the Anchorage Campus Student Center revenue bonds applicable to this issuance. The sections of the 1974 Act relate to technical provisions of the issue which provide that the bonds can be accepted as security for deposits of state funds, that the bonds are issued for an essential public purpose which is required for tax exempt status, that the state will not impair the ability of the university to meet its commitments to the bondholders, and that no pledge needs to be filed under the uniform commercial code.

Section 3.

Indicates that the revenue bonds are not a general obligation of the State of Alaska or the University of Alaska. The bond will be payable exclusively from revenues of the housing system.

Section 4.

Sets an immediate effective date.

Attachments:

1. Long-term Debt Summary for the University of Alaska
2. 1961-1968 Revenue Bond Redemption Proposal
3. Yak Estates Refinancing Scenarios
4. Detailed Refinancing Alternative Comparisons
5. Copy of House Bill 249
6. Copy of ch. 56, SLA 1961
7. Copy of ch. 47, SLA 1962, amendment to ch. 56, SLA 1961
8. Copy of ch. 93, SLA 1974
9. Copy of ch. 34, SLA 1975, amendment to ch. 93, SLA 1974

University of Alaska
Long-term Debt Summary

	<u>Maturity</u>	<u>Rate</u>	<u>Balance</u> 12/31/86
General:			
UAF Campus Center Note, 1970	1995	5%	2,017,000
ACC/UAA Campus Center Revenue Bonds, 1975	2000	8%	4,115,000
UAF Housing System:			
G.O. Bonds, 1958	1988	3%	130,000
Revenue Bonds, 1961-68	2008	3%-3.75%	6,920,000
Yak Estates Note, 1972	2012	8.50%	1,993,915
UA Heating Corporation:			
Revenue Bonds:			
1969 Series	1993	5%-6%	990,000
1978-1 Series	2001	7%-7.5%	3,665,000
1978-2 Series	2001	9.50%	665,000
Interim Financing, 1986	1989	Prime*.80%	1,100,000

**UAF Housing System
Revenue Bond Redemption Proposal**

	----- Balance Due*	May 28, 1987 Payoff Value	----- Discount Amount	Rate
1961 Series A	368,911	265,984	102,927	27.9%
1961 Series B	478,777	358,370	120,407	25.1%
1962 Series	598,347	428,120	170,227	28.4%
1963 Series	1,358,881	973,494	385,387	28.4%
1964 Series	1,861,562	1,322,832	538,730	28.9%
1968 Series	1,994,925	1,240,533	754,392	37.8%
	<u>6,661,403</u>	<u>4,589,333</u>	<u>2,072,070</u>	<u>31.1%</u>

* Includes accrued interest through May 28, 1987

**UAF Housing System
Yak Estates Refinancing Scenarios**

<u>Terms</u>	<u>-- Debt Service -- FY88</u>	<u>Payout</u>	<u>Increase -Decrease</u>	<u>Discounted Value</u>
Current	191,936	4,766,410	--	--
25 Yr., 8.00%	196,959	4,923,975	157,565	58,291
20 Yr., 8.00%	214,143	4,282,860	-483,550	58,285
20 Yr., 7.50%	206,238	4,124,760	-641,650	-31,763
20 Yr., 7.00%	198,460	3,969,200	-797,210	-128,360
20 Yr., 6.50%	190,814	3,816,280	-950,130	-232,100
15 Yr., 6.00%	216,478	3,247,170	-1,519,240	-343,644
15 Yr., 5.50%	203,484	3,052,260	-1,714,150	-523,741

University of Alaska, UAF Housing System
 Yak States Debt Service Refinancing Alternatives

3/1/87

Portion refinanced	<u>2,102,448</u>	<u>2,102,448</u>	<u>2,102,448</u>	<u>2,102,448</u>	<u>2,102,448</u>	<u>2,102,448</u>	<u>2,042,488</u>
Current Debt Service	Refinancing 25yr. @ 8%	Refinancing 20yr. @ 8%	Refinancing 20yr. @ 7.5%	Refinancing 20yr. @ 7%	Refinancing 20yr. @ 6.5%	Refinancing 15yr. @ 6%	Refinancing 15yr. @ 5.5%
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FY88	191,936	196,959	214,143	206,238	198,460	190,814	203,484
FY89	191,936	196,959	214,143	206,238	198,460	190,814	203,484
FY90	191,936	196,959	214,143	206,238	198,460	190,814	203,484
FY91	191,936	196,959	214,143	206,238	198,460	190,814	203,484
FY92	191,936	196,959	214,143	206,238	198,460	190,814	203,484
FY93	191,936	196,959	214,143	206,238	198,460	190,814	203,484
FY94	191,936	196,959	214,143	206,238	198,460	190,814	203,484
FY95	191,936	196,959	214,143	206,238	198,460	190,814	203,484
FY96	191,936	196,959	214,143	206,238	198,460	190,814	203,484
FY97	191,936	196,959	214,143	206,238	198,460	190,814	203,484
FY98	191,936	196,959	214,143	206,238	198,460	190,814	203,484
FY99	191,936	196,959	214,143	206,238	198,460	190,814	203,484
FY00	191,936	196,959	214,143	206,238	198,460	190,814	203,484
FY01	191,936	196,959	214,143	206,238	198,460	190,814	203,484
FY02	191,936	196,959	214,143	206,238	198,460	190,814	203,484
FY03	191,936	196,959	214,143	206,238	198,460	190,814	0
FY04	191,936	196,959	214,143	206,238	198,460	190,814	0
FY05	191,936	196,959	214,143	206,238	198,460	190,814	0
FY06	191,936	196,959	214,143	206,238	198,460	190,814	0
FY07	191,936	196,959	214,143	206,238	198,460	190,814	0
FY08	191,936	196,959	0	0	0	0	0
FY09	191,936	196,959	0	0	0	0	0
FY10	191,936	196,959	0	0	0	0	0
FY11	191,936	196,959	0	0	0	0	0
FY12	<u>159,946</u>	<u>196,959</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>4,766,410</u>	<u>4,923,975</u>	<u>4,282,860</u>	<u>4,124,760</u>	<u>3,969,200</u>	<u>3,816,280</u>	<u>3,052,260</u>
Cash flow							
increase/-decrease	<u>157,565</u>	<u>-483,550</u>	<u>-641,650</u>	<u>-797,210</u>	<u>-950,130</u>	<u>-1,519,240</u>	<u>-1,714,150</u>
Discount Rate							
	<u>8.00%</u>	<u>8.00%</u>	<u>7.50%</u>	<u>7.00%</u>	<u>6.50%</u>	<u>6.00%</u>	<u>5.50%</u>
Net present value							
	<u>58,291</u>	<u>58,285</u>	<u>-31,763</u>	<u>-128,360</u>	<u>-232,100</u>	<u>-343,644</u>	<u>-523,741</u>

Introduced: 4/8/87
Referred: Health, Education &
Social Services and Finance

ATTACHMENT 5

5-1026A

Lynch

Carter

Kanffman

Carlson

BY FRANK, BOYER AND
KOPONEN

1 IN THE HOUSE

2

HOUSE BILL NO. 249

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the issuance of bonds of the
7 University of Alaska for refinancing housing; and
8 providing for an effective date."

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

10 * Section 1. For the purpose of refinancing the existing mortgage loan
11 on housing of the University of Alaska at Fairbanks known as Yak Estates,
12 the issuance of revenue bonds of the university in the total principal
13 amount not to exceed \$2,400,000 is authorized. The principal of and inter-
14 est on the bonds shall be paid out of and secured by the amounts required
15 in sec. 3, ch. 56, SLA 1961, to be paid into the housing system revenue
16 fund.

17 * Sec. 2. The bonds shall be issued and sold as provided in ch. 56, SLA
18 1961, as amended by ch. 47, SLA 1962. The provisions of ch. 56, SLA 1961,
19 as amended by ch. 47, SLA 1962, apply to the bonds authorized by this Act
20 except that the limitation on investments of money in the revenue fund and
21 on the rate of interest do not apply. The provisions of sec. 8 (relating
22 to legal investments), sec. 9 (relating to exemption from taxation), sec.
23 10 (relating to pledge of the state) and sec. 11 (relating to the effec-
24 tiveness of the pledge) of ch. 93, SLA 1974, as amended, apply to the bonds
25 authorized by this Act.

26 * Sec. 3. The revenue bonds authorized by this Act and the interest due
27 on them do not constitute a general obligation of the state or of the
28 University of Alaska.

29 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

g. The orderly and economic development of the resources and industry of the state and the educational development of its inhabitants therefor;

h. The general welfare of the state and its inhabitants.

Sec. 2. That there be and is hereby created a special fund of the state to be known as the "Vocational Education School Construction Fund," into which shall be paid the proceeds of the sale of the bonds described in Section 1 of this Act, except for accrued interest. For the purpose of carrying out the provisions of said Ch. 171, SLA 1960, and this Act, there is hereby appropriated from the Vocational Education School Construction Fund to the Department of Public Works the sum of \$1,500,000.

Sec. 3. That there be and is hereby created another special fund of the state to be known as the "Vocational Education School General Obligation Bond Redemption Fund," to the credit of which there shall be set aside such amounts of money as may be necessary to pay the principal of and interest on the outstanding bonds of the issue described herein, and which fund shall be used for the sole purpose of paying and securing the payment of such principal and interest as the same shall become due.

Sec. 4. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved April 7, 1961

CHAPTER 56

AN ACT RELATING TO THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN BUILDINGS OF THE UNIVERSITY OF ALASKA AND TO THE ISSUANCE AND SALE OF NOT TO EXCEED \$6,750,000 OF NEGOTIABLE REVENUE BONDS OF THE UNIVERSITY TO PAY PART OR ALL OF THE COST THEREOF; CREATING A HOUSING SYSTEM AND A HOUSING SYSTEM REVENUE FUND OF THE UNIVERSITY; AUTHORIZING THE ISSUANCE AND SALE OF REFUNDING BONDS; AND PROVIDING FOR AN EFFECTIVE DATE.

(H.B. 163)

Be it enacted by the Legislature of the State of Alaska:

Section 1. As used in this Act, unless the context otherwise requires:

- a. "University" means the University of Alaska, located at College, Alaska.
- b. "Bonds" means the University revenue bonds authorized by this Act.
- c. "Board" means the Board of Regents of the University.

d. "Improvements" means the apartments, residences, dormitories, dining facilities and other buildings to be acquired, constructed and equipped out of the proceeds of sale of the Bonds, as authorized in Sec. 4 of this Act.

e. "Housing System" means the housing system of the University created in Sec. 2 of this Act.

f. "Revenue Fund" means the Housing System Revenue Fund created by Sec. 3 of this Act.

Sec. 2. There is hereby created the Housing System of the University which shall consist of all apartment, residence, dormitory, housing, dining, boarding, hospital, infirmary, parking, and student activity buildings and facilities and book stores of the University which are made a part of the Housing System by the Board.

Sec. 3. There is hereby created a special fund of the University to be known as the "Housing System Revenue Fund" which shall be completely segregated and set apart from all other funds of the University, shall be a trust fund for the uses and purposes herein provided, and into which shall be paid all revenues, fees, charges and rentals derived by the University from the ownership, lease, use or operation of the Housing System.

The moneys in the Revenue Fund shall be pledged or used only for the purpose of paying or securing the payment of the principal of and interest on the Bonds, for the purpose of paying or securing the payment of the principal of and interest on any other revenue bonds of the University issued by authorization of the legislature to provide funds to acquire, construct and equip buildings, improvements and facilities which later are made a part of the Housing System as provided in Sec. 2 of this Act, the purpose of paying the normal and necessary costs of equipping, maintaining and operating the Housing System and all of the buildings, facilities and operations thereof, the purpose of paying the cost of renewals, replacements and normal and extraordinary repairs to the Housing System and all of the buildings, facilities and equipment thereof, the purpose of redeeming ahead of their fixed maturity any and all revenue bonds of the University issued for Housing System purposes, the purpose of providing funds to acquire, construct and equip necessary additions and improvements thereto and modifications and extensions of the buildings and facilities of the Housing System and the purpose of providing funds to pay any and all other normal and necessary costs relating to the ownership, use and operation of the Housing System.

Money in the Revenue Fund may be invested in direct obligations of the United States of America maturing at least 30 days prior to the date on which such monies must be expended or transferred therefrom. The interest earned upon or any proceeds derived from

the sale of such investments shall be deposited in and become a part of the Revenue Fund.

Sec. 4. The University may acquire, construct and equip or provide for the acquisition, construction and equipping of the Improvements, to wit: one or more apartment, residence, dormitory or dining facility buildings for students or staff members or both at the University as found necessary by the Board.

Sec. 5. For the purpose of providing part or all of the money necessary to acquire, construct and equip the Improvements, the issuance and sale of revenue bonds of the University in the total principal sum of not to exceed \$6,750,000 is hereby authorized. The principal of and interest on such Bonds shall be paid out of and secured by the money required in Sec. 3 of this Act to be paid into the Revenue Fund and out of any other revenues received by the University which the legislature may authorize to be pledged to such payment, and which revenues shall likewise be paid into the Revenue Fund.

All of the bonds when issued shall be payable out of the same bond redemption fund on a parity basis. In the proceedings authorizing the issuance of the Bonds or the first part or series thereof the Board may provide conditions which must be complied with before additional revenue bonds of the University may be issued on a parity with the Bonds. Whenever the legislature authorizes the University to issue additional revenue bonds to acquire, construct or equip any apartment, residence, dormitory, housing, dining, boarding, hospital, infirmary, parking, and student activity buildings and facilities or book store, the Board shall determine whether such conditions can be met and whether the additional revenue bonds or any part thereof should be issued on a parity with the Bonds. Additional revenue bonds when issued on a parity with the Bonds are designated in this Act as "Parity Bonds."

The Board shall create a special bond redemption fund of the University which shall be a trust fund for paying and securing the payment of the principal of and interest on the Bonds and any Parity Bonds, which fund shall be at all times set apart from all other funds of the University. The Board on behalf of the University may obligate and bind the University to set aside and pay into the bond redemption fund any part or parts of, or all of, or a fixed proportion of, or a fixed amount of the money in the Revenue Fund, that will be sufficient to pay the principal of and interest on the Bonds and of and on any Parity Bonds outstanding as they shall become due and, if determined necessary, to set aside and maintain reserves therefor. The bond redemption fund shall be drawn upon solely for the purpose of paying the principal of and interest on the Bonds and any Parity Bonds, and the Bonds and

Parity Bonds shall not constitute a general obligation of the State of Alaska or the University.

Sec. 6. The Bonds may be sold in amount or series and at time or times as determined by the Board. The Bonds or each series thereof shall be sold at such price so that the effective interest rate over the life of the Bonds sold shall not exceed six per cent (6%) a year. Such interest shall be paid annually or semi-annually, and no interest coupon shall evidence interest at a rate greater than six per cent (6%). The Bonds shall mature at such time or times as fixed by the Board; shall be sold at public or private sale; may be subject to redemption prior to their fixed maturity or maturities as determined by the Board and with such premium or premiums as fixed by the Board; may be in such denomination or denominations as determined by the Board; may be issued in coupon form and made payable to bearer, or may be registrable as to principal or principal and interest, or may be made payable to the purchaser or purchasers thereof, all under such regulations and conditions as the Board shall provide; shall be payable both principal and interest at such place or places as may be determined by the Board; shall be signed on behalf of the University by the president of the Board and shall be attested by the secretary of the Board, one of which signatures may be a facsimile signature; shall have the seal of the University impressed, printed or lithographed thereon, and each of the interest coupons attached thereto shall be signed by the facsimile signatures of said president and secretary; and shall be issued under and subject to such terms, conditions and covenants providing for the payment of the principal thereof and interest thereon and such other terms, conditions, covenants and protective features safeguarding such payment and relating to the maintenance, operation and improvement of the Improvements and other facilities of the Housing System as found necessary by the Board, which covenants may include but are not limited to a provision requiring the setting aside and maintaining of certain reserves to secure the payment of such principal and interest and a provision requiring the setting aside and maintaining of certain moneys to maintain, equip, repair, renew, renovate and replace the Improvements and all facilities and equipment used in connection therewith.

If found reasonably necessary, the Board may select a trustee or trustees for the owners and holders of the Bonds or any series thereof, and/or for the safeguarding and disbursement of the proceeds of sale of the Bonds, and shall fix the rights, duties, powers and obligations of such trustee or trustees.

In its determination of all of the matters and questions relating to the issuance and sale of the Bonds and the fixing of the maturi-

ties, terms, conditions and covenants thereof, the decisions of the Board shall be those found to be reasonably necessary for the best interests of the University and its students and those which will accomplish the most advantageous sale of the Bonds, with due regard, however, to necessary or normal costs of maintenance and operation, renewals and replacements of and repairs to the Improvements and to other improvements and facilities owned, used, operated or leased by the University, the future growth and expansion of the University and all of its improvements and facilities, and the possibility of additional revenue bond financing for University purposes.

Sec. 7. The Board shall adopt the resolution or resolutions and prepare all other documents and proceedings necessary for the issuance, sale and delivery of the Bonds or any part or series thereof. The resolution or resolutions shall fix the principal amount, denomination, date, maturities, place or places of payment, rights of redemption if any, terms, form, conditions and covenants of the Bonds or each series thereof and their date and manner of sale, and shall provide for the publication of the notice of such sale.

The owner and holder of any Bond or the trustee for the owners and holders of the Bonds or any series thereof may by mandamus or other appropriate proceedings in the superior court, require and compel the transferring, setting aside and payment of money and the enforcement of all of the terms, conditions and covenants as provided in this Act and in the resolution or resolutions authorizing the issuance of the Bonds or any series thereof.

Sec. 8. The Bonds and the coupons attached thereto are fully negotiable instruments under the laws of the State of Alaska.

Sec. 9. Any part or all of the Bonds may be refunded at or prior to their maturity by the issuance of refunding revenue bonds of the University if in the opinion of the Board, such refunding is advantageous to and in the best interest of the University.

The principal of and interest on such refunding revenue bonds shall be payable either from the same source or sources of money as pledged for the payment of the principal of and interest on the Bonds or from such other source or sources as may legally be provided or both. The Board shall create a special bond redemption fund of the University which shall be a trust fund for paying and securing the payment of the principal of and interest on such refunding revenue bonds, which fund shall be at all times completely segregated and set apart from all other funds of the University. The Board, on behalf of the University, shall obligate and bind the University to set aside and pay into such fund any part or parts of, or all of, or a fixed proportion of, or a fixed

amount of the money in the Revenue Fund, that will be sufficient to pay the principal of and interest on the refunding revenue bonds as the same shall become due and, if deemed necessary, to set aside and maintain reserves therefor. Such fund shall be drawn upon solely for the purpose of paying the principal of and interest on such refunding revenue bonds, and the refunding revenue bonds shall not constitute a general obligation of the State of Alaska or the University.

Any money set aside as reserves to secure the payment of the principal of and interest on the Bonds being refunded may be used either to pay the principal of, premium if any, and interest on such Bonds or may be retained by the University as reserves to secure the payment of the principal of and interest on such refunding revenue bonds to be issued. Such refunding revenue bonds may be sold at public or private sale and the proceeds of such sale, exclusive of accrued interest, shall be applied in payment of the Bonds being refunded, or the refunding revenue bonds may be exchanged privately for and in payment and discharge of a like or greater principal amount of the Bonds being refunded. The principal amount of such refunding revenue bonds may exceed the principal amount of the Bonds being refunded to the extent necessary to pay all costs incidental to such refunding and any premium required to redeem and retire the Bonds being refunded and to fund interest due or about to become due on such Bonds, and the holder or holders of any Bonds being refunded need not pay accrued interest on the refunding bonds to be delivered in exchange therefor if and to the extent that interest is due or accrued and unpaid on the outstanding Bonds being refunded.

The effective rate of interest over the life of refunding revenue bonds shall not exceed six percent (6%) a year, and the costs of refunding and the amount of any premium which might be paid to effect the redemption of the outstanding Bonds being refunded shall not be considered in determining the effective rate of interest.

Refunding revenue bonds and the coupons attached thereto are fully negotiable instruments under the laws of the State of Alaska.

The issuance of refunding revenue bonds need not be authorized by an Act of the legislature, and the Board shall adopt the resolution or resolutions and prepare all other documents and proceedings necessary for the issuance, exchange or sale and delivery of such bonds.

The provisions of this Act relating to the maturities, payment, terms, conditions, covenants, issuance and sale of the revenue bonds shall be applicable to refunding revenue bonds except as may be otherwise specifically provided in this section.

Sec. 10. This Act shall be liberally construed in order to carry out the purposes for which it was adopted, and all existing laws in conflict with any of the provisions of this Act are superseded insofar as necessary to accomplish the purposes of and carry out the provisions of this Act.

Sec. 11. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved April 8, 1961

CHAPTER 64

AN ACT RELATING TO THE ISSUANCE OF \$2,000,000 of GENERAL OBLIGATION BONDS OF THE STATE AUTHORIZED FOR A GYMNASIUM AND GENERAL UTILITY FACILITIES FOR THE UNIVERSITY OF ALASKA; PROVIDING RULES AND STANDARDS TO BE FOLLOWED IN DETERMINING THE SPECIFIC CAPITAL IMPROVEMENTS TO BE ACQUIRED, CONSTRUCTED, INSTALLED AND MADE OUT OF THE PROCEEDS OF SALE OF SUCH BONDS; CREATING A CONSTRUCTION FUND AND MAKING AN APPROPRIATION OF \$2,000,000 THEREFROM; CREATING A BOND REDEMPTION FUND; AND PROVIDING FOR AN EFFECTIVE DATE.

(H.B. 43)

Be it enacted by the Legislature of the State of Alaska:

Section 1. In determining the specific capital improvements to be acquired, constructed, installed and made out of the proceeds of sale of the \$2,000,000 of University of Alaska gymnasium and utilities general obligation bonds of the state provided for in Ch. 172, SLA 1960, and authorized by the qualified voters of the state at an election held therein on November 8, 1960, the governor shall consider the following rules and standards:

a. The physical education, health education, and Reserve Officers Training Corps programs in which the students at the University will participate;

b. The intramural and intercollegiate sports events which will be held in such gymnasium, the number of students participating in the same, and the number of spectators who may attend the same;

c. The present condition and extent of the general utility facilities now serving the building at the University of Alaska, and the additions, improvements and repairs thereto and extensions and replacements thereof necessary to properly serve the buildings at the University now and hereafter.

Sec. 2. That there be and is hereby created a special fund of the state to be known as the "University of Alaska Gymnasium

SLA 1962

CHAPTER 47

AN ACT PERTAINING TO REVENUE BONDS OF THE UNIVERSITY OF ALASKA; AND PROVIDING FOR AN EFFECTIVE DATE.

(H.B. 366)

Be it enacted by the Legislature of the State of Alaska:

Section 1. Sec. 5, Ch. 56, SLA 1961, is hereby amended to read:

Sec. 5. For the purpose of providing part or all of the money necessary to acquire, construct, and equip the improvements, the issuance and sale of revenue bonds of the University in the total principal sum of not to exceed \$6,750,000 (herein called the Bonds) is hereby authorized. The principal of and interest on the Bonds shall be paid out of and secured by the money required in Sec. 3 of this Act to be paid into the Revenue Fund and out of any other source which the legislature may authorize to be pledged to such payment.

The Board shall adopt the resolution or resolutions and prepare all other documents and proceedings necessary for the issuance, sale, and delivery of the Bonds or any part or series thereof. The resolution or resolutions shall fix the principal amount, denomination or denominations, date, maturities, place or places of payment, rights of redemption if any, terms, form, conditions, and covenants of the Bonds or each part or series thereof, and the date and manner of sale thereof.

The Board, in the proceedings authorizing the issuance of the Bonds or any part or series thereof, may provide conditions which must be complied with before the rest of the Bonds and any additional revenue bonds which the legislature may authorize the University to issue may be issued on a parity with the Bonds then being issued.

The Board shall create one or more special bond redemption funds of the University for paying and securing the payment of the principal of and interest on the Bonds and any other revenue bonds which the legislature may authorize the University to issue. Such bond redemption fund or funds shall be trust funds for such purposes and shall be at all times set apart from all other funds of the University. All issues or parts or series of revenue bonds of the University issued on a parity with each other shall be payable out of the same bond redemption fund.

The Board, on behalf of the University, may obligate and bind the University to set aside and pay into such bond redemption fund or funds any part or parts of, or all of, or a fixed proportion of, or a fixed amount of the money in the Revenue Fund,

sufficient to pay the principal of and interest on the Bonds and all other revenue bonds of the University which may be issued on a parity with the Bonds or any part or series thereof as the same shall become due, and, if determined necessary, to maintain adequate reserves to secure such payment. Such bond redemption fund or funds shall be drawn upon solely for the purpose of paying the principal of and interest on the Bonds and any such additional revenue bonds, and the Bonds and any such additional revenue bonds shall not constitute a general obligation of the State of Alaska or the University.

Sec. 2. Sec. 7, Ch. 56, SLA 1961, is hereby amended to read:

Sec. 7. The owner and holder of any Bond or the trustee for the owners and holders of the Bonds or any part or series thereof may by mandamus or other appropriate proceedings in the superior court require and compel the transferring, setting aside, and payment of money and the enforcement of all of the terms, conditions, and covenants as provided in this Act and in the resolution or resolutions authorizing the issuance of the Bonds or any part or series thereof.

Sec. 3. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved April 2, 1962

CHAPTER 100

AN ACT RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE STATE FOR HOSPITAL CONSTRUCTION AND EQUIPMENT; AMENDING SEC. 2, CH. 66, SLA 1961; AND PROVIDING FOR AN EFFECTIVE DATE.

(H.B. 490)

Be it enacted by the Legislature of the State of Alaska:

Section 1. Sec. 2, Ch. 66, SLA 1961, is amended to read:

Sec. 2. That there be and is hereby created a special fund of the state to be known as the "Hospital Construction Fund," into which shall be paid the proceeds of the sale of the bonds described in Section 1 of this chapter, except for accrued interest. For the purpose of carrying out the provisions of said Ch. 173, SLA 1960, and this Act, there is hereby appropriated from the Hospital Construction Fund to the Department of Health and Welfare the sum of \$354,000.

Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved April 11, 1962

CHAPTER 93

AN ACT RELATING TO THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A CAMPUS STUDENT CENTER AT THE UNIVERSITY OF ALASKA; RELATING TO THE ISSUANCE AND SALE OF NOT TO EXCEED \$6,000,000 OF NEGOTIABLE REVENUE BONDS OF THE UNIVERSITY TO PAY PART OR ALL OF THE COST OF THE CENTER; CREATING A CAMPUS STUDENT CENTER REVENUE FUND OF THE UNIVERSITY; RELATING TO THE PAYMENT AND REFUNDING OF THE BONDS AND THE ENFORCEMENT OF THE COVENANTS OF THE BONDS; AND PROVIDING FOR AN EFFECTIVE DATE.

(HB 470)

Be it enacted by the Legislature of the State of Alaska:

Section 1. (a) There is a special fund of the university to be known as the "Anchorage Campus Student Center Revenue Fund" which shall be completely segregated and set apart from all other funds of the university, which is a trust fund for the uses and purposes provided in this Act, and into which shall be paid 25 per cent of all student fees, or a lesser per cent of all student fees determined by the board, and special fee assessments as determined by the board.

(b) The money in the revenue fund shall be used only for the purpose of paying or securing the payment of the principal of the interest and redemption premium, if any, on the bonds, for the purpose of paying or securing the payment of the principal of and interest on any other revenue bonds of the university issued by authorization of the legislature to provide funds to acquire, construct and equip additions or improvements to the improvements, the purpose of paying the normal and necessary costs of equipping, maintaining and operating the improvements, the purpose of paying the cost of renewals, replacements and normal and extraordinary repairs to the improvements, the purpose of redeeming before their fixed maturities any and all revenue bonds of the university issued for the improvements, the purpose of providing funds to acquire, construct and equip necessary additions and improvements to the improvements and modifications and extensions of the improvements, and the purpose of providing funds to pay any and all other normal and necessary costs relating to the ownership, use and operation of the improvements, all to the extent fixed and determined by the board in one or more bond resolutions, trust indentures, or trust agreements securing or providing for the issuance of the bonds adopted or entered into in accordance with this Act.

(c) The board may provide for the investment of money in the revenue fund in the manner it may fix and determine by resolution. The interest earned upon or any proceeds derived from the sale of these

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investments shall be deposited in and become a part of the revenue fund.

Sec. 2. The university may acquire, construct and equip or provide for the acquisition, construction and equipping of the improvements in the manner as determined by the board.

Sec. 3. (a) For the purpose of providing part or all of the money necessary to pay the costs of acquiring, constructing and equipping the improvements, the issuance and sale of revenue bonds of the university in the total principal sum of not to exceed \$6,000,000 is authorized. The principal of and interest on these bonds shall be paid out of and secured by the money required in sec. 1 of this Act to be paid into the revenue fund and out of any other revenues or money received by the university which the legislature may authorize to be pledged to such payment, and which revenues shall likewise be paid into the revenue fund.

(b) The board shall create a special bond redemption fund of the university which shall be a trust fund for paying and securing the payment of the principal of and interest and redemption premium, if any, on the bonds, and which fund shall be at all times completely segregated and set apart from all other funds of the university. The board, on behalf of the university, may obligate and bind the university to set aside and pay into the bond redemption fund any part or parts of, or all of, or a fixed proportion of, or a fixed amount of the money in the revenue fund, sufficient to pay the principal of and interest on the bonds as they become due and, if it determines necessary, to set aside and maintain reserves therefor. The bond redemption fund shall be drawn upon solely for the purpose of paying the principal of and interest and redemption premium, if any, on the bonds, and the bonds do not constitute a general obligation of the state or the university.

Sec. 4. (a) The bonds may be sold in the amounts or series and at the time or times as determined by the board. The bonds or each series of bonds shall be sold at a price so that the effective interest rate over the life of the bonds sold does not exceed eight per cent a year. Interest shall be paid annually or semiannually, and no interest coupon shall evidence interest at a rate greater than eight per cent. The bonds shall mature at such time or times as fixed by the board; shall be sold at public or private sale; may be subject to redemption before their fixed maturity or maturities as determined by the board and with premium or premiums as fixed by the board; may be in denominations determined by the board; may be issued in coupon form and made payable to bearer, or may be registerable as to principal or principal and interest, or may be made payable to the purchaser or purchasers thereof, all under regulations and conditions as the board shall provide; shall be payable as to principal and interest at the place or places determined by the board; shall be signed on behalf of the university by the president of the board and shall be attested by the secretary of

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the board, both of whose signatures may be facsimile signatures; shall have the seal of the university impressed, printed or lithographed on them, and each of the interest coupons attached to them shall be signed by the facsimile signatures of the president and secretary; and shall be issued under and subject to such terms, conditions, and covenants providing for the payment of the principal of them and interest on them and such other terms, conditions, covenants and protective features safeguarding the payment and relating to the maintenance, operation and improvement of the improvements as found necessary by the board, which covenants may include but are not limited to provisions providing for the charging, collecting and depositing of student fees, provisions requiring the setting aside and maintaining of certain reserves to secure the payment of the principal and interest and provisions requiring the setting aside and maintenance of certain reserves to maintain, equip, repair, renew, renovate and replace the improvements and all facilities and equipment used in connection with the improvements. The board may provide that any additional bonds hereafter authorized by the legislature to be payable out of the same source or sources as the bonds authorized by this Act may later be issued on a parity with the bonds authorized by this Act upon compliance with any conditions which the board may prescribe, or may provide that no additional bonds may be so issued payable out of the same said source or sources on a parity with the bonds authorized by this Act.

(b) If found reasonably necessary the board may select a trustee or trustees for the owners and holders of the bonds or any series of them for the safeguarding and disbursement of the proceeds of sale of the bonds or for such duties with respect to the authentication, delivery and registration of the bonds, or otherwise with respect to the bonds, the funds established under this Act and the moneys pledged to those funds as the board may determine, and shall fix the rights, duties, powers and obligations of the trustee or trustees.

(c) In its determination of all of the matters and questions relating to the issuance and sale of the bonds and the fixing of the maturities, terms, conditions and covenants of them, the decisions of the board shall be those found to be reasonably necessary for the best interests of the university and its students and those which will accomplish the most advantageous sale of the bonds, with due regard, however, to necessary or normal costs of maintenance and operation, renewals and replacements of and repairs to the improvements and to other improvements and facilities owned, used, operated or leased by the university, the future growth and expansion of the university and all of its improvements and facilities, and the possibility of additional revenue bond financing for university purposes. Any such decisions of the board, as expressed in any resolution authorizing the issuance of any bonds, shall be final and conclusive when any bonds have been issued pursuant to the bond resolution.

(d) A resolution authorizing the issuance of bonds may provide that the bonds issued shall contain a recital that they are issued under this Act, and bonds containing this recital shall be conclusively considered to be valid and to have been issued in conformity with this Act.

(e) The validity of the authorization and issuance of bonds is not affected by any proceedings for the acquisition or construction of the improvements for which the bonds have been issued or by contracts in connection with acquisition or construction.

Sec. 5. (a) The board shall adopt the resolution or resolutions and prepare all other documents and proceedings necessary for the issuance, sale and delivery of the bonds or a part or series of the bonds. The resolution or resolutions shall fix the principal amount, denomination, date, maturities, place or places of payment, rights of redemption, if any, terms, form, conditions and covenants of the bonds or each series of them and their date and manner of sale.

(b) The owner and holder of a bond or the trustee for the owners and holders of the bonds or any series of them may by appropriate proceedings in a court of record of the state, require and compel the transfer, setting aside and payment of money and the enforcement of all of the terms, conditions and covenants as provided in this Act and in the resolution or resolutions authorizing the issuance of the bonds or any series of them.

Sec. 6. The bonds and the coupons attached to them are fully negotiable instruments under the laws of the state.

Sec. 7. (a) The bonds or any part of them may be refunded at or before their maturity by the issuance of refunding revenue bonds of the university if in the opinion of the board refunding is advantageous to and in the best interests of the university and its students.

(b) The issuance of refunding bonds need not be authorized by an act of the legislature, and the board is authorized and directed to adopt the resolution or resolutions and prepare all other documents and proceedings necessary for the issuance, exchange or sale, and delivery of such bonds. All provisions of this Act applicable to revenue bonds are applicable to the refunding bonds and to the issuance, sale or exchange of them, except as otherwise provided in this section.

(c) Refunding bonds may be issued in a principal amount sufficient to provide funds for the payment of all bonds to be refunded by them, and in addition, for the payment of all expenses incident to the calling, retiring or paying of the outstanding bonds, and the issuance of the refunding bonds. These expenses include the difference in amount between the par value of the refunding bonds and any amount less than par for which the refunding bonds are sold, the amount necessary to be made available for the payment of interest upon the refunding bonds from the date of sale of them to the date of payment of the bonds

to be refunded or to the date upon which the bonds to be refunded will be paid pursuant to the call of them or agreement with the holders of them, and the premium, if any, necessary to be paid in order to call or retire the outstanding bonds and the interest accruing on them to the date of the call or retirement.

Sec. 8. The bonds are legal investments for all banks, trust companies, savings banks, savings and loan associations and other persons carrying on a banking business, all insurance companies and other persons carrying on an insurance business, and all executors, administrators, trustees and other fiduciaries. The bonds may be accepted as security for deposits of all funds of the state and its political subdivisions.

Sec. 9. All bonds are hereby declared to be issued for an essential public purpose, and the bonds, and the interest on them and the income from them shall at all times be exempt from taxation by or under authority of the state or its political subdivisions.

Sec. 10. The state pledges to and covenants and agrees with the holders of bonds that the state will not limit or alter the rights vested in the university or the board by this Act to fulfill the terms of agreements made with the holders of the bonds and will not in any way impair the rights or remedies of the holders, and will not modify in any way the exemptions from taxation provided for in this Act, until the bonds, together with interest on them and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

Sec. 11. A pledge made in respect of the bonds under this Act shall be valid and binding from the time the pledge is made. The money or property so pledged and thereafter received by the authority shall immediately be subject to the lien of the pledge without any physical delivery or further act and the lien of the pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the university irrespective of whether such parties have notice of the claim. No resolution, trust indenture, trust agreement or any other instrument by which a pledge is created need be recorded, or filed under the uniform commercial code.

Sec. 12. In this Act, unless the context otherwise requires

- (1) "board" means the Board of Regents of the university;
- (2) "bonds" means the university revenue bonds authorized by sec. 3 of this Act;
- (3) "costs" means the costs of acquiring, constructing and equipping the improvements, including, without limitation, interest on the bonds before and during such construction and during such period of time after construction as the board determines, and such reserves to secure the bonds as the board determines;

(4) "improvements" means the campus student center at Anchorage, constituting one or more buildings or other facilities for campus activities, including real property or interest in real property necessary in connection with the improvements, as may be determined by the board, and acquired, constructed and equipped out of the proceeds of the sale of the bonds as authorized by sec. 2 of this Act;

(5) "revenue fund" means the "Anchorage Campus Student Center Revenue Fund" created by sec. 1 of this Act;

(6) "student fees" means all fees charged students by the university at Anchorage, Alaska, not including tuition charged out-of-state students or dormitory rentals and also not including any revenues, fees, charges and rentals derived by the university from the ownership, lease, use or operation of the housing system, as the term is defined in ch. 56, SLA 1961, as amended and supplemented, which, in the opinion of the board, are not pledged or may hereafter be pledged to the holders of revenue bonds of the university now or hereafter issued pursuant to ch. 56, SLA 1961, as amended and supplemented, under existing contracts or agreements with the holders or purchasers of such revenue bonds:

(7) "university" means the University of Alaska.

Sec. 13. This Act shall be liberally construed in order to carry out the purposes for which it was adopted, and all existing laws in conflict with any of the provisions of this Act are superseded insofar as necessary to accomplish the purposes of and carry out the provisions of this Act.

Sec. 14. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

Approved May 14, 1974
Effective May 15, 1974

Ch. 80

Ch. 82

TEMPORARY AND SPECIAL ACTS

Ch. 84

CHAPTER 32

AN ACT CREATING THE OFFICE OF THE OMBUDSMAN; AMENDING RULE 43(h) OF THE RULES OF CIVIL PROCEDURE; AND PROVIDING FOR AN EFFECTIVE DATE.

(FCCS HCS CSSB1)

Be it enacted by the Legislature of the State of Alaska:

Secs. 1, 2. Permanent laws. See Table of Disposition of Acts.

Sec. 3. Section 24.55.260 in sec. 1 of this Act amends Rule 43(h) of the Rules of Civil Procedure by establishing an additional privilege not to testify in a court and must receive an affirmative vote of two-thirds of the full membership of each house in order to be effective.

Sec. 4. This Act takes effect immediately in accordance with AS 01.10.070(c).

Approved April 14, 1975
Effective April 15, 1975

Legislative committee report. — For report on ch. 32, SLA 1975 (FCCS HCS CSSB 1), see 1975 Senate Journal, p. 601.

CHAPTER 34

AN ACT RELATING TO THE UNIVERSITY OF ALASKA ANCHORAGE CAMPUS STUDENT CENTER REVENUE FUND; AND PROVIDING FOR AN EFFECTIVE DATE.

(HB 323)

Be it enacted by the Legislature of the State of Alaska:

Section 1. Sec. 1(a), Chapter 93, SLA 1974 is amended to read:

(a) There is a special fund of the university to be known as the "Anchorage Campus Student Center Revenue Fund" which shall be completely segregated and set apart from all other funds of the university, which is a trust fund for the uses and purposes provided in this Act, and into which shall be paid 35 per cent of all student fees, or a lesser per cent of all student fees determined by the board, and special fee assessments as determined by the board.

Sec. 2. This Act takes effect immediately in accordance with AS 01.10.070(c).

Approved April 17, 1975
Effective April 18, 1975



Official Business

COMMITTEE:

House HESS Committee

DATE: April 15, 1987

SIGN-IN

Subject of meeting:

- HJR 24 - Federal funds for job training ✓
- HB 248 - Adult Basic Education
- HB 204 - State Aid for School Construction
- HB 249 - Refinancing of University Housing

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? & Which Bill
F. McILHURNEY	249 COME LINE, SOLDTON 99669	262-4557	KENAI PENIN. BOROUGH	-
ROSIE PETERSON	205 N. FRANKLIN #2	6-1736	GOV. COUNCIL	HJR 24 ✓
Annal Seguin	8204 Birch Lane	9-1958	AK State Voc Assn	HJR 24 ✓
Bruce Johnson	10014 CRAZY HORSE JUNEAU	6-2303	JUNEAU SCHOOLS	HJR 24 ✓
John Henderson	218 Front St. Juneau, AK	586-6806	Adult Education	HB 248
★ Dorothy A. Jones	Box 1608, Palmer, AK	945-9682	Bank Force	HB 204 ✓
Roy Deibel	P.O. Box 1297 (Kodiak) AK	486-3224	City of Kodiak	HB 204
Stan Thompson	PO Box 850 (SOLDOTNA)	262-4441	Kenai Boro	HB 204 ✓



Official Business

COMMITTEE:

House HESS Committee

DATE: April 15, 1987

SIGN-IN

Subject of meeting:

- HJR 24 - Federal funds for job training
- HB 248 - Adult Basic Education
- HB 204 - State Aid for School Construction
- HB 249 - Refinancing of University Housing

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? & Which Bill
M: H Barker	Box SB Juneau 99811	465-2350	DOR	Yes HB 204
Dori Kubly	Box 210207 Auke Bay	789-5251	KITCHIKAH, GATEWAY BOROUGH METLAKATLA, SA x mmu	Yes HB 201

H B

255

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907.465.3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House, Yes:

April 29, 1987

January 14, 1988

January 12, 1988

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/8/87

FURTHER REFERRALS: Finance

DATE: 1-14-88

The Health, Education and Social Services Committee has considered HB 255

"An Act making a special appropriation to the Department of Education for the foundation program; and providing for an effective date."

RECOMMENDS:

- replace with CBHB 255 (HESS) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: H. HESS letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Paul E. Perry

Bill Hudis

John Ellis

Willa Kopona

Dennis Spiller

Mr. Stuenkel

Dave Conkey

SIGNING OTHER RECOMMENDATIONS:

Willa F. Kopona
co-chairman's signature

John Ellis



Alaska State Legislature
House of Representatives
COMMITTEE ON HEALTH, EDUCATION
AND SOCIAL SERVICES

OFFICIAL BUSINESS

POUCH V
JUNEAU, AK 99811
465-3752

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LETTER OF INTENT
TO
CSHB 255 (HESS)
BY THE
HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

It is the intent of the House Health, Education and Social Services Committee that this bill be enacted by March 15, 1988 to give the Department of Education and school districts adequate notice of their FY 89 funding levels prior to their April 1 budgeting deadlines.

It is also the intent of the House HESS Committee that the Foundation Program, school debt reimbursement and pupil transportation accounts remain fully funded and that the appropriation in CSHB 255 be adjusted upward if additional testimony and research by subsequent committees demonstrates the need to do so in order to provide full funding for public education.



OFFICIAL BUSINESS

Alaska State Legislature
House of Representatives
COMMITTEE ON HEALTH, EDUCATION
AND SOCIAL SERVICES

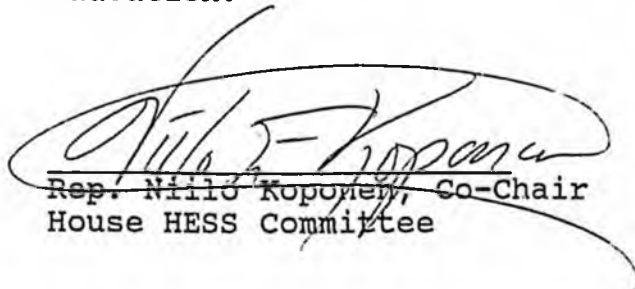
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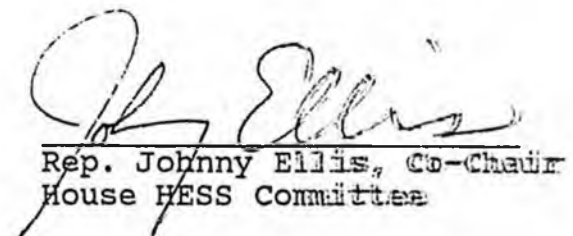
January 14, 1988

LETTER OF INTENT
TO
CSHB 255 (HESS)
BY THE
HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

It is the intent of the House Health, Education and Social Services Committee that this bill be enacted by March 15, 1988 to give the Department of Education and school districts adequate notice of their FY 89 funding levels prior to their April 1 budgeting deadlines.

It is also the intent of the House HESS Committee that the Foundation Program, school debt reimbursement and pupil transportation accounts remain fully funded and that the appropriation in CSHB 255 be adjusted upward if additional testimony and research by subsequent committees demonstrates the need to do so in order to provide full funding for public education.


Rep. Niilo Koponen, Co-Chair
House HESS Committee


Rep. Johnny Ellis, Co-Chair
House HESS Committee

Original sponsor: Rules Committee/Governor

Funding Information

General Fund	\$555,255,576
Other Funds	33,577,000
	<u>\$588,832,576</u>

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 255 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making an appropriation to the Department of
7 Education for the public school foundation account,
8 the school construction account, and reimbursement of
9 school district pupil transportation contracts; and
10 providing for an effective date."

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

12 * Section 1. The sum of \$446,000,900 is appropriated to the Department
13 of Education for the public school foundation account (AS 14.17.010) for
14 the fiscal year ending June 30, 1989, from the following sources:
15 \$415,923,900 from the general fund; \$8,830,900 from the public school fund
16 (AS 37.14.110); and \$21,246,100 from federal funds.

17 * Sec. 2. The sum of \$117,709,976 is appropriated to the Department of
18 Education for the school construction account (AS 14.11.100(c)) for the
19 fiscal year ending June 30, 1989, from the following sources: \$114,209,946
20 from the general fund and \$3,500,000 from the school fund (AS 43.50.140).

21 * Sec. 3. The sum \$25,121,700 is appropriated from the general fund to
22 the Department of Education for reimbursement of school district pupil
23 transportation contracts (AS 14.09).

24 * Sec. 4. The unexpended and unobligated portion of the appropriation
25 made by sec. 3 of this Act lapses into the general fund June 30, 1989,

26 * Sec. 5. This Act takes effect July 1, 1988.
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28
29

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 7, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill appropriating \$428,086,500 to the Department of Education for the foundation program for Fiscal Year 1989. This bill is to let school districts and municipalities know one year ahead of time the amount of state aid that is going to be made available for the public school foundation program.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name below.

Steve Cowper
Governor

wo1547hB
Utermohle
1/7/88

Original sponsor: Rules Committee/Governor

<u>Funding Information</u>	
General Fund	\$411,913,000
Other Funds	30,077,000
	<u>\$441,990,000</u>

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 255 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making an appropriation to the Department of
7 Education for the foundation program; and providing
8 for an effective date."

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

10 * Section 1. The sum of \$441,990,000 is appropriated to the Department
11 of Education for the foundation program (AS 14.17) for the fiscal year
12 ending June 30, 1989, from the following sources: \$411,913,000 from the
13 general fund; \$8,830,900 from the public school fund (AS 37.14.110); and
14 \$21,246,100 from federal funds.

15 * Sec. 2. This Act takes effect July 1, 1988.
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Official Business

COMMITTEE:

House HESS Committee

DATE: January 12, 1988

SIGN-IN

Subject of meeting:

HB 255 - Special Appropriation Education Foundation

NAME ADDRESS PHONE REPRESENTING DO YOU WANT TO TESTIFY?

✓ Bob Manners	105 Municipal Way #302 JNU	586-3090	NEA	?
✓ BOB GREENG	316 W 11 th St. JNU -	586-1083	AASIS.	Yes -
Wangyou Cooper	PO Box 21804	586-3118	Cap. Info. Group	NO
Bob Van Slyke	1765 Evergreen JNU	586-4097	N. Slope Schl Dist.	NO
D. HARRISON	Rm Rep. SPRINGER's office 601 Court Bldg HERR	465-3789	HERRA office	NO
John BITNEY	Rm Rep Larson's office 500 Capitol	465-3726	Rep Larson's office	No
✓ Bill DENNERT	DEPT. of Ed.	465-2806	DOE	Yes
Steve McPhetres	At. Council of Sch. Admin.	586-9702	211 4 th St. 99501	no
Toni Kahlken-Jones	Dept. of Ed. Div. Ed Prog Support	465-2830	DOE	NO
Rosemary Hanevia	Dept of Education Box F	465-2800	State Board of Educ AK Coalition for Educ	NO



Official Business

COMMITTEE:

House HESS Committee

DATE: January 12, 1988

SIGN-IN

Subject of meeting:

HB 255 - Special Appropriation Education Foundation

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Leda Werner			Ellis office	NO
K Nowaczyk			Subackhammer	NO
B. Brune			Springer	NO
K Parkan			Boyer	NO
Tom Wright			Subackhammer	NO
DENNIS BURNS			Ulmer	NO
SANDY NUSBAUM			SENATOR FISCHER	NO
Karen Rehfeld			Legislative Finance	NO

H B

258

HB 258 An Act relating to the civil liability of, and liability insurance for, foster parents.

FILE CONTENTS

- 1) Copy of HB 258
- 2) Position Paper, DHSS
- 3) Alaska Foster Parent Association statement
- 4) Back-up material
 - I. Memo to House HESS
 - II LB&AA Report
 - III Legislation offered in other states
- 5) Testimony for House Hess, by Miriam Sumner
- 6) AFPA Petition
- 7) Recommended revisions to HB 258 by DOA AND hess

POSITION PAPER

HOUSE BILL NO. 258

For an Act entitled: "An Act relating to the civil liability of, and liability insurance for, foster parents."

Section 1 of this bill provides foster parents with immunity from liability for acts or omissions of a foster child placed in care of the foster parents and from negligent acts or omissions of the foster parents that result in harm to a child placed in a foster parent's care under AS 47.

This Department has been advised by the Department of Law that the language of 7 AAC 50.790 serves to commit the state to coverage of certain liability risks of foster parents who care for children in custody of the Department. According to the Department of Law foster parents are protected from liability for accidental injury to a child in their care including harm due to negligence on the part of the foster parent. However, there would be no protection from liability for intentional acts which injure a child or from liability arising from gross negligence. The regulations set out specific exceptions to liability coverage provided to foster parents by the state including: accidents involving vehicles, fire, and accidents occurring when there is no foster parent/child relationship. In addition, AS 34.50.020 would seem to make foster parents immune from liability for acts of children in their care, though a recent court ruling may limit or nullify the effect of that statute in protecting foster parents (and state) from liability for the acts of children in care.

Section 1 of this bill would relieve foster parents of virtually all liability for their own acts or omissions, except those which were intentional or grossly negligent, but would not similarly protect state employees acting in good faith. This would shift a liability for foster parent actions to the state and substantially increase the state's liability. Under these provisions and in light of recent court rulings concerning AS 34.50.020, the state would ultimately become liable for any harm caused by or to a child in foster care. To address the shortcomings in Section 1 and return to a circumstance approximating that which existed prior to the court ruling the Department suggests amending Section 1 to protect both state employees and foster parents. The suggested amendment language is attached.

Section 2 of the bill mandates the Department to provide liability insurance for foster parents. However, this section seems intended not to provide insurance shielding foster parents from liability (which is accomplished under Section 1) but to insure foster parents against loss or damage to their property.

The issue of potential property losses by foster parents has been problematic to the Department because of the costs involved and as a factor increasing the difficulty of recruiting and retaining foster parents. Foster parents have been told by their insurance companies that

they are not protected from loss or damage to their property caused intentionally by a foster child in their care. The Department of Administration, Division of Risk Management has orally advised the Department of Health and Social Services that this may be incorrect but to date it has not been tested through litigation and there is no definitive answer.

In the absence of a definitive answer to this problem and in the face of refusal of private insurers to cover such claims, the Department has chosen to reimburse foster parents for their documented losses upon request. Though the Department is under no legal obligation to reimburse foster parents for such losses and has received advice against the practice, a policy decision was made to continue doing so in order to facilitate retention of qualified foster parents. However, there is no statutory basis or dedicated funding for making such reimbursements. Currently, reimbursement for foster parent losses are made from funds budgeted to meet the needs of children in foster care. Use of these funds to cover foster parent losses causes several problems, including:

1. decreased money available to meet the needs of children in care;
2. several limitations on the amount of funds available to cover losses; and
3. inequity in reimbursement because, although these funds are used for dual purposes, they must be allocated between regions based on child foster care placements and needs of children rather than on the basis of unpredictable foster parent losses with the result that losses in one region may not be covered because of insufficient funds while losses in another region are reimbursed.

This mechanism has been functionally unsatisfactory and potentially insufficient to deal with even a single large property loss (such as destruction of a foster family home by an intentionally set fire). Fortunately losses to date have been relatively small with larger losses (in the range of tens of thousands of dollars) rare and still relatively small when compared to potential loss.

The Department has been advised by the Division of Risk Management that the costs of providing insurance proposed in Section 2 would be approximately \$450 annually per foster home or approximately \$400,000 annually to cover the nearly 900 licensed foster homes. This figure is an estimate of the premium costs for providing coverage for the structures of foster parent homes, their personal property, and the state's liability for harm caused to or by foster children. The Department would support a resolution of this issue which would protect foster parents from loss and would aid in recruiting and retaining foster parents. However, the costs of the solution proposed in Section 2 of this bill would not be justified by the scope of the problem to date. Other less expensive and more satisfactory solutions are available. [For example additional funds could be budgeted specifically to reimburse foster parents for their losses with

Position Paper
House Bill No. 258
Page 3

administration of these funds and determinations on reimbursement to be made by the Division of Risk Management commensurate with accepted insurance practice.] This would avoid much of the expense of providing insurance for all foster parents but would establish funding and a mechanism to reimburse foster parents appropriately. In addition the changes suggested to Section 1 could reduce these costs somewhat by reducing the state's liability.

Department Position

The Department opposes HB 258 in its present form as an unsatisfactory and expensive solution to the problem of foster parent liability and losses and one which increases the liability exposure of the state. However, the Department would support an amended version of the bill which incorporated the changes suggested for Section 1 and which deleted Section 2 in favor of budgetary and administrative remedies such as suggested.

RECOMMENDED:

Yvonne M. Chase
Yvonne M. Chase, Director
Division of Family
and Youth Services

DATE:

April 22, 1987

APPROVED:

Myra M. Munson
Myra M. Munson, Commissioner
Department of Health
and Social Services

DATE:

April 22, 1987

Sec. 09.65.093. CIVIL LIABILITY FOR FOSTER HOME CARE.

(a) Employees or representatives of the state and foster parents are not liable for civil damages as a result of acts or omissions by a minor placed in the care of foster parents under AS 47.

(b) An employee or representative of the state or a foster parent is not liable for negligent acts or omissions that result in harm to a minor placed in the care of foster parents under AS 47.

(c) This section does not preclude liability for civil damages as a result of the gross negligence or intentional misconduct of an employee or representative of the state or a foster parent.



Alaska Foster Parents Association

P. O. BOX 140651 • ANCHORAGE, ALASKA 99508



FEB 13 1987

CIVIL LIABILITY OF FOSTER PARENTS 1987

POSITION:

Legislation must be passed to limit liability of foster parents. Foster parents are individuals or families who provide in-home care and treatment for those children and youth who cannot live in their own home. Foster parents are partially reimbursed for costs, but volunteer their time, knowledge, and caring. Since foster parents are screened and licensed by the state, the state must help protect those foster parents from liability, except in cases of gross negligence or intentional misconduct.

JUSTIFICATION:

Fear has been building in foster parents for the safety of their family, belongings, and way of life because of incidences throughout the state of foster parents being put in a liability position by youth and the agency. This problems has several parts including:

1. vague regulations that can be interpreted in many ways
2. community and agency misunderstanding of foster care and the role of foster parents.
3. rise in legal suits and threats of legal suits in all facets of American life.
4. the vulnerability of foster parents who care for children and youth that may have many problems and act those problems out in inappropriate ways, plus foster parents are limited in their decision-making ability.
5. the difficulty of foster parents paying for legal actions when they do not receive a salary and are required by regulation to have enough income to support their families, so they do not qualify for legal help.

In several situations, a complaint has been made about a foster parent violating a regulation. When that charge is found to be valid, the foster parent has no workable recourse to change that finding and may be left to face any legal consequences on their own without agency backing, even if the act that began this process was caused entirely by the child (such as runaway). There is some protection through the state's RISK MANAGEMENT, but AFPA feels this should be clarified by law.

FUNDING: This type of bill would require no funding, but would put the minds of foster parents at rest and help protect those individuals and families who are willing to volunteer their time and energies to helping children, youth, and families.

REP. TERRY MARTIN

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Alaska House of Representatives

M E M O R A N D U M

DATE: April 23, 1987

TO: Members,
House Health, Education & Social Services Committee

FROM: Representative Terry Martin

SUBJ: House Bill 258 - An Act relating to the civil liability
of, and liability insurance for, foster parents

The issue of liability protection for licensed foster parents has been and continues to be a topic of much controversy.

For the most part, foster parents are honest, hard working people who open their homes and hearts to those unfortunate, and in many instances, troubled children in need of temporary care and housing. It seems unfair that foster parents, acting as agents of the state, should be faced with the prospect of losing their homes and/or property as a result of the negligent conduct of a child placed in their care.

The Foster Parents Handbook states, "Liability insurance is provided for all Division of Family and Youth Services foster families through the Department of Administration, Division of Risk Management. This insurance protects the foster parent against legal actions brought against foster parents because of accidental injury to the child or because of damage caused by the child to someone else's property or person." However, in the 1986 audit of DFYS, a memo by the Attorney General is referenced which states, "foster parents will generally be shielded from liability for injury to a child where they have attempted, in good faith, to conduct themselves reasonably. There is no insurance protecting a foster parent from the negligence of a child. And, except for the possible protection of AS 34.50.020 there is no protection against suit by third persons against foster parents because of negligent conduct of a child."



While most foster parents have homeowners and automobile insurance, insurance companies generally do not cover deliberate acts by foster children.

Often, in cases where a child must be placed immediately, the foster parents are not given complete background information on the child, such as a propensity to start fires, a history of stealing cars or a history of sexually molesting other children. In most instances, even knowing all the facts, the foster parent would still accept the child but by not knowing all the facts and accepting the child into their home, the foster parents are placed in a very vulnerable position by the state.

There is obviously a need to more clearly define the foster parents' areas of responsibility with regard to their liability protection.

HB 258 provides the foster parents with immunity against legal action for civil damages as a result of the acts by a minor placed in their care and negligent acts or omissions by the foster parents that result in accidental injury to the minor placed in their care.

HB 258 also requires the state to provide liability insurance to foster parents while caring for a child. This insurance would cover the loss of or damage to the property of or property under control of the foster parents as a result of the misconduct by a child placed in their care.

At present, claims submitted by foster parents to cover damage to their property as a result of misconduct by the foster child are first received by the social worker. Further processing of the claim is totally at the discretion of the social worker. Small dollar amount claims are paid through a special DFYS fund while larger dollar amount claims are paid through Risk Management, depending on whether the claim is approved for payment by DFYS. More definitive guidelines need to be developed so that claims are handled more fairly and efficiently.

Foster parents, licensed and trained by the state and acting as agents of the state, provide a vital role in the lives of their young charges. Many of the foster parents with whom I have spoken have the similar feeling that the state treats them more like babysitters than as team members.

HB 258
Page 3

I think that it's time the state began to assume its share of the responsibility for these children and stop leaving the foster parents out on a limb.

Legislative Audit continues to support a better management information system for DFYS. Ending the need for maintaining both an antiquated automated payments system and a manual information system would allow overburdened line staff to devote more time to actual social work. The need for timely, accurate, pertinent information is absolutely critical to the effective management of a division as large, complex, and geographically dispersed as DFYS.

Recommendation No. 3

DFYS should develop standardized foster care procedures and encourage compliance through improved training and supervisory review. In addition, DFYS should continue working toward improved relations with foster parents in order to sustain a more viable foster care program.

Foster care costs have increased by more than two-thirds in the last three years to over \$6.3 million in FY 86. Over the last five years, foster care expenditures have almost doubled while there has been little growth in residential care expenditures making foster care even more important to DFYS' service delivery system. The increasing use of foster care has also resulted in more difficult children being placed in the care of foster parents.

Our current review revealed several areas in foster care which would benefit from increased DFYS commitment:

1. Licensing activities are not in compliance with DFYS procedures due to lack of timeliness.
2. Complaints are not classified and investigated consistently and often are not adequately documented.
3. Augmented rates for specialized foster care are not being equitably administered.
4. Training provided varies across the state and is rarely documented in foster parent files.
5. Foster parents are not fully informed about liability and loss which may result from foster care.
6. Relations between DFYS and foster parents are often less than cooperative.

Many of these deficiencies were identified in a 1983 Legislative Audit report. Management should review the situation in each area and act according to DFYS priorities.

Foster Home Licensing

Besides ensuring some minimum level of safety, the licensing of foster homes is important in order to match the abilities and interests of foster parents with the needs of placements. This theoretical matching of homes and children has been subjugated by the reality that there are not enough slots for all the children needing placement.

Licensing activities are behind, as evidenced by:

1. Over 30% of the homes reviewed were issued licenses which were more than one month retroactively effective.
2. Over half of the homes in our review did not have a home study performed prior to licensing. (The home study is a time-consuming licensing prerequisite to ensure compliance with foster care standards).
3. Of the 75 homes with foster care placements reviewed, more than 60% were either without a current home study or license during the time a child was in the home.
4. As of June 1986, over 25% of foster care licenses have been expired for over one month.

A major factor that contributes to the situation is DFYS licensing priorities. Licensing duty priorities are not conducive to the timely licensing of foster homes. Investigations of complaints is the first priority while processing new foster home applications ranks last in a list of 15. As a result, emergency licensing of foster homes is the rule rather than the exception.

We recommend management reassess licensing duty priorities and personnel practices in order to make the licensing process a more timely and meaningful one. The annual review of licensing files by supervisors, as proposed in DFYS' response to our 1983 audit report, would aid in identifying and correcting current discrepancies in foster home license files. During our file review, only a few Youth Service foster parent files, most notably the Southcentral Region, evidenced any such review.

Complaint Investigations

Licensing complaint investigations have long been a point of contention between foster parents and DFYS. Many foster parents view the process as arbitrary, covert, even vindictive. DFYS views it as necessary for the protection of children, even supportive of the foster home in that compliance is encouraged.

While our review noted problems of inconsistent treatment and poor documentation, overall we found investigations of complaints to be reasonable and fair. The only examples of investigations with questionable motives and dispositions were performed by a Palmer licensing worker no longer employed by DFYS.

Procedures for complaint investigations are outlined in the Community Care Licensing Manual. Despite the statewide applicability of these procedures, our review of complaint investigations found wide variations in how complaints are handled both between and within offices. Investigations often do not result in any constructive resolution. Investigator recommendations for bringing the home into compliance are not consistently made nor implemented by DFYS. Recommended licensing actions are not being taken and are often overridden by placement decisions when they are taken.

Documentation of investigations varied from adequate to non-existent. Evidence that the investigated party had been notified was often missing from the file. Standardizing the use of the Notification of Complaint form would not only improve documentation, but would also alleviate foster parent protests that DFYS never tells them why they are being investigated.

We found only the Southcentral Family Services office maintains a complaint log. We were told at Youth Services in Fairbanks that they had been instructed to discontinue logging of complaints. We feel the information which can be gained from an independent listing of complaints more than offsets the increased paperwork. Accordingly, we recommend all DFYS offices maintain complaint logs similar to that discussed in DFYS' response to our 1983 audit recommendation.

We reiterate our 1983 recommendation that DFYS train licensing personnel in their complaint investigation procedures and conduct supervisory reviews for compliance. DFYS has adequate procedures in place for complaint investigation; now it needs some training and monitoring to achieve adequate implementation of these procedures.

Specialized Foster Care

Our 1983 audit report recommended executive and legislative support for specialized foster care. We continue to support the concept of paying augmented rates to foster parents for providing care to children who would otherwise be in more expensive residential care. While not appropriate for all children, an augmented rates program allows many to be

placed in a less restrictive foster home setting. This lesser restrictive placement, coupled with the cost savings involved, makes specialized foster care in the best interest of both the children and the State.

Augmented rates are not being equitably administered by DFYS. Family Services' Child Protective Service Manual defines augmented rates as "an increased payment which is paid for extra costs incurred in caring for children who have special problems." Interpretations of what constitute extra costs are made by line staff resulting in inequities such as:

1. Different amounts of augmentation for foster children with the same special problems.
2. Some foster parents are compensated for their time, while others are reimbursed only for defined costs.
3. Foster parents who complain the most tend to get the most augmentation. In some cases, the foster parent sets the rate DFYS pays.

Youth Services has their own augmented rates program. Youth are assessed for placement level of difficulty with Level I being standard rate and Level III being the most highly augmented rate. To care for Level II and III youth, foster parents must meet certain training and experience requirements. We found that both youth and foster parents are being consistently assessed across the state, however, the rates paid are not consistent. Payment for a Level III youth in the Northern Region is 250% of the standard rate; while in the Southcentral Region, DFYS pays 300% of the standard rate for a Level III youth.

In order to develop a more equitable augmented rates program, we recommend DFYS initiate changes to both the Family Services and the Youth Services programs. Family Services should update its 1978 criteria to more specifically define which extra costs will be reimbursed as augmented rates. This would reduce the current latitude line staff and foster parents have which results in negotiated augmented rates. Youth Services should make payment for a Level III youth constant across regions. Given Alaska's current revenue picture, we advise bringing the Southcentral Region in line with the Northern Region.

Foster Parent Training

The extent of foster parent training by DFYS varies across Alaska. It ranges from comprehensive, formal programs in Southcentral Alaska to almost nonexistent in other areas of the state. Some areas require attendance at...

foster parent orientation classes prior to licensing, while others use a home visit and an informal review of the regulations as orientation for foster parents.

During FY 86, DFYS contracted with the Alaska Foster Parent Association to provide statewide ongoing training. The contract required DFYS to jointly participate in implementation, however, DFYS did little to facilitate the successful completion of this contract. The training that was provided was geographically limited and of questionable value to some of the purported beneficiaries.

Foster parents who want training have been obtaining it through their local foster parent associations, college classes, and training sponsored by DFYS. In recent years, DFYS has been considering the possibility of requiring a certain amount of training to receive and maintain a foster care license. Those foster parents receiving augmented rates under the Youth Services program are currently required to have a certain amount of training. In our review of foster home license files across the state, we found only Southcentral Youth Services files to reflect a record of training received.

Increased DFYS commitment to foster parent training would not only promote better relations between foster parents and DFYS, but would also provide DFYS with a more qualified pool of foster parents. A multi-media self-study program such as that being developed by Southcentral Youth Services may be a cost-effective method for providing statewide training. Maintaining a record of training received in each foster home file would make it easier for those making placements to match the child's needs with the qualifications of the foster home.

Foster Parent Liability

Liability is currently an extremely volatile issue for foster parents. In 1981, DFYS made efforts to define areas of responsibility for various types of liability or losses resulting from foster care. The Foster Parents' Handbook tells foster parents that they are protected by the State against legal actions for accidental injury to the child and against suit for damages caused to third parties by the child.

In an effort to address foster parents' current concerns over liability, DFYS has contacted the Attorney General's Office and the Division of Risk Management. Discussions with Risk Management confirm that in the absence of gross negligence, foster parents will be protected by the State

for both injury to the child and to third parties. However, this assurance is not echoed in a recent memo from the Attorney General's Office which concludes:

foster parents will generally be shielded from liability for injury to a child where they have attempted, in good faith, to conduct themselves reasonably. There is no insurance protecting a foster parent from the negligence of a child. And, except for the possible protection of AS 34.50.020 there is no protection against suit by third persons against foster parents because of negligent conduct of a child.

The foster care regulations make clear that this liability insurance "will not cover matters for which foster parents are normally expected to have insurance, such as fire insurance for their home." The implication that foster parents' insurance will cover their loss if the foster child burns their home is true only if the act was accidental. As DFYS discovered in their 1981 efforts, deliberate acts by foster children are generally not covered by homeowner's insurance policies.

We recommend that DFYS, in conjunction with the Attorney General and the Division of Risk Management, develop some cohesive guidelines in the area of foster parent liability with regard to third party damages. Once determined, this information should be included in the Foster Parents' Handbook, as should some warning of the limitations of common homeowner's insurance. Foster parents need this information in order to make informed choices in accepting and rejecting placements.

Relations With Foster Parents

In our 1983 audit we noted that DFYS neglected to maintain a cooperative relationship with the foster parent community. In a March 1986 letter to the president of the Alaska Foster Parent Association (AFPA), the director of DFYS states "It would be less than candid of me to not admit that there has been a history of conflict and resentment between AFPA and the division."

The training contract for fiscal year 1986 was a disappointment for both parties. This contract emphasized "joint" responsibility for both DFYS and AFPA, but neither was satisfied with the other's performance. The quality and quantity of training which resulted would likely have increased if DFYS and AFPA had been more cooperative in implementing the terms of the contract.

We feel that the rift between DFYS and AFPA is diminishing. With DFYS' encouragement, there has been an influx of more moderates on the AFPA Board of Directors. DFYS efforts such as the June 1986 Foster Care Working Group encourage foster parent input and interaction with DFYS. With adequate follow through, such efforts could be major steps toward rebuilding a good working relationship.

DFYS needs the different perspective offered by foster parents. Despite their relatively low membership, AFPA is the only statewide organization of foster parents. Given the crucial role that foster care plays in DFYS' service delivery, a better relationship with foster parents in general, and AFPA in particular, will benefit all concerned.

Recommendation No. 4

DFYS should comply with the American Correctional Association (ACA) national standards in order to receive accreditation for its juvenile confinement facilities.

In May the three juvenile confinement facilities which house both detention and treatment programs were reviewed by the American Correctional Association (ACA). DFYS arranged the reviews in order to receive accreditation by the ACA, a national organization of correctional professionals. The review, for which DFYS had been preparing for four years, involved a thorough review of their physical plants; policies and procedures; and general program.

The ACA review committee compared these facilities with national standards developed for detention, training school, and community residential care facilities. To receive accreditation a facility must be in compliance with 100% of the mandatory standards and over 90% of the non-mandatory standards. The review committee's reports for all three of the facilities commented positively on the quality of life within the facilities, especially regarding the communication between staff and residents and the dedicated nature of personnel. Other major ACA findings are presented below:

Detention Overcrowding

The detention units at both McLaughlin Youth Center (MYC) and Fairbanks Youth Facility (FYF) were found to be continually operating over capacity. MYC, with a design capacity of 50, had an average daily population of 68 in FY 85; FYF, with a capacity of 8, had an average daily population during the first four months in 1986 of 12.8 recording highs of over 20 youth. The overcrowding was a major concern of the ACA review committee which they felt needed immediate relief.

DFYS staffing requests were held to only thirty-five positions on the basis that implementation of the requested new management information system would free staff time for direct service provision and offset the need for additional staff. However, because the MIS request was not funded and caseloads have increased, staff shortages were exacerbated despite the addition of the 35 positions.

In recognition of DFYS' critical need for a comprehensive management information system and need to capture the maximum federal funds, I have made funding and development of this system a departmental priority. I am also assigning the newly organized Department of Health and Social Services case processing group to aid DFYS staff in their development efforts and will make other department level resources available as necessary to ensure success.

Recommendation No. 3

The Division of Family and Youth Services (DFYS) should develop standardized foster care procedures and encourage compliance through improved training and supervisory review. In addition, DFYS should continue working toward improved relations with foster parents in order to sustain a more viable foster care program.

DFYS generally agrees with auditors' identification of issues to be addressed to improve Alaska's foster care system. Much progress has been made to address problems since the 1983 Legislative Audit on Foster Care. In 1984, a systematic approach to achieving goals was jointly developed by foster parents and DFYS. Nearly one hundred issues in nine categories were identified for research, planning, and resolution. It was the consensus of foster parents and DFYS staff that five years would be needed for resolution of identified issues. There have never been "dedicated" resources for central management staff to oversee administration of the foster care program. State office management and program development staff are limited, comprising less than three percent of the DFYS budget. Despite the staff shortages, in the last year and one-half, substantial action was taken to improve the foster care system and relationships with the Alaska Foster Parents Association (AFPA). New actions include:

- ° quarterly meetings with AFPA and state office personnel;
- ° follow-up contact between quarterly meetings on a weekly or more frequent basis;
- ° revision of the policy and procedure manual to include: a copy of case plans for foster parents; two weeks notice, when possible, to foster parents before removing a child from the home; and notification to parents when there are changes in case plans;
- ° adoption of several forms suggested by AFPA;
- ° case plan revisions and other administrative forms.

- notification to all care providers of revisions to policy and procedures;
- consistent standards for parent support payments finalized in regulations;
- grievance procedure readied for promulgation in regulations;
- resolution of late payment issues;
- specialized foster care program being explored and developed including technology dependent infant program, and the Alaska Youth Initiative program;
- initiation of Youth Services specialized foster care program on a pilot basis;
- a new policy to fill vacancies with persons holding an MSW or BSW degree resulting in fifty-two professionals with a Master's degree in Social Work or a closely related field;
- training programs for foster parents provided jointly by AFPA and division staff;
- a comprehensive inventory of all children in DFYS custody in out of home care, information on each child's placement history, and a preliminary analysis; and
- specialized regional positions designated, monitoring procedures drafted, and piloting begun to ensure the systematic review of all children in foster care as required under Public Law 96-272 and Alaska statutes, and, on a limited basis, to perform case file monitoring and licensing file monitoring.

Foster Home Licensing

The DFYS agrees that licensing activities are behind. Here, as well as in Child Protective Services, staff resources have not kept pace with growth. To meet Child Welfare League standards, time devoted to the licensing of foster homes would need to be doubled. The audit correctly notes the importance of the licensing function and the need for additional recruitment efforts. However, with little likelihood of additional revenue and increased field staff to carry out these functions, expectations must be adjusted accordingly. State Office program staff have planned or are working on a number of regulatory and policy improvements to address field staff shortages. The following improvements will be completed or nearly completed this fiscal year:

- finalize licensing regulation changes with the assistance of the Foster Care Working Group, scheduled to submit recommendations by the end of the year.

- reduce the number of licensing criteria to be measured to those critical to ensuring safe and appropriate care in order to reduce staff time necessary for licensing;
- streamline the procedures to make them similar to licensing other facility types to avoid worker confusion;
- revise licensing manual procedures to include a supervisory review of some licensing files each year; and
- prioritize new foster home applications in order to train experienced foster parents for specialized foster care and to meet child placement needs by age range, specialization, and location rather than by new applicant interest.

Complaint Investigations

The DFYS concurs with auditors' conclusion that complaint investigations are generally "reasonable and fair". However, the conclusion that despite the existence of policies and procedures addressing complaint investigations, there are wide variations in how complaints are handled both between and within offices, is disturbing but consistent with DFYS management perception. To improve consistency with limited resources, the following is the division's plan for addressing this problem this fiscal year:

- promulgation of revised licensing regulations, currently described by some as "vague", to provide clear guidance to workers investigating violations of those standards;
- review the findings of the Foster Care Working Group on complaint investigations scheduled for completion in December, 1986, and consider the recommendations for policy adoption;
- require logging complaint receipt date, level of danger, and disposition into the computerized system using the on-line capability (this is currently available, but not mandatory); and
- utilize supervisory staff for orientation and training of new workers in light of inadequate training funds.

Specialized Foster Care

In recognizing the need for specialized foster care, the division developed a Youth Services pilot project. With the implementation of Title IV-E of the Social Security Act (federal Public Law 96-272), it became apparent that the division would need to develop a consistent definition of specialized foster care to ensure federal claiming. We agree with the audit finding that there are inconsistencies and that there should be equitable augmented rates applicable to both the Youth Services and Social Services foster care programs. Revised foster care purchase regulations, with the December, 1986,

recommendations of the Foster Care Working Group, will contain criteria applicable statewide for augmenting foster care rates. Foster care purchase regulation changes are scheduled for completion this fiscal year.

It should be noted that licensing, complaint investigation, and specialized foster care policy improvements are dependent on State Office program development staff. Further, cuts at the management level would result in delays or elimination of policy improvements.

Foster Parent Training

The division has long recognized that foster parents need skills and training in order to care for difficult children, and often, also, to maintain their family life in a positive and fulfilling manner. During FY 86, the division contracted with the AFPA, for the first time, to provide joint statewide training. A national expert provided consultation to foster parents, division foster care specialists, and division management in a special "kick-off" session. In spite of this effort, there were problems--some due to the lack of specific language in the contract, and some due to forces beyond the control of either AFPA or the division; for example, underfunding of child protection positions created in HB 88 resulted in delay of the foster care specialist positions being filled. It was necessary to establish effective new relationships at the regional rather than the state level, both for AFPA and the division. Expectations and goals were, in retrospect, exceptionally high for both AFPA and the division. The division remains committed to teaming with AFPA and is continuing the contract with the expectation that the experience of the first year will allow greater gains. If proposed regulations to require foster parent training are retained through the public hearing process, training of foster parents will be documented annually in each file.

Foster Parent Liability

Participation in a national teleconference on provider liability issues would indicate that the problems in Alaska are highly similar to the problems experienced in other states. The Foster Care Working Group is studying liability issues and will make recommendations to the division. The Division of Risk Management has agreed to provide a written statement to clarify liability coverage for foster parents and is recommending a review of AS 34.50.020 for an assessment of need for statutory clarification. Improvement and clarity of licensing regulations may also clarify some liability issues.

Relations With Foster Parents

The audit recognition of improved relations between the division and AFPA is appreciated. The DFYS and the AFPA continue to be committed to working together for the benefit of children. There have been difficulties, as noted earlier, at specific times, but this is not unusual given the natural tension that occurs in attempting to meet competing interests: conflict, nature

parent, foster parents, and agency. The fact that the tension is recognized, and there exists an agreement to work together, is positive. Despite major differences on some issues, the two organizations continue to work together on a frequent and planned basis.

Recommendation No. 4

DFYS should comply with the American Correction Association (ACA) national standards in order to receive accreditation for its juvenile confinement facilities.

The division fully agrees. In fact, the process of accreditation of its facilities was initiated unilaterally by DFYS, to evaluate and strengthen detention and treatment services.

It should be noted that meeting these standards does not simply mean that minimum requirements for safety and adequate program services are met. ACA standards require documentation that institutions exceed basic standards. Compliance ensures that the services provided are of high quality, and in accordance with nationally recognized and respected indicators.

The division has asked for and has received some capital funding for the costs associated with meeting these standards. The division still intends to meet these standards, within revenue limitations.

The youth services facilities serve only a fraction of the number of youth who enter the system, and the facilities do not function in isolation from other parts of the justice system. It is important to consider the impact of the other parts of the system--the police, courts, intake, diversion, and probation--on the institutions' functioning. Agencies must coordinate to form a sensible, practical scheme of services to meet the two major goals of rehabilitating youth and protecting the community. The long-range goal of DFYS is to achieve accreditation of all aspects of its Youth Services system--intake, community services, and institutions. Accreditation of facilities was the initial step.

The division is aware of other aspects of the Youth Services system which must be addressed before accreditation is feasible. Among these are lack of adequate resources, such as specialized probation staff and community support services. Other factors beyond DFYS control include: 1) lack of control over the numbers of clients entering the system, especially institutions; 2) necessity of addressing unusual and increasing demands made on the system including individual treatment decisions made by the court, meeting federal criteria, serving children requiring specialized treatment, increasing demands from the public to arrest and incarcerate youth offenders and non-offenders such as runaways.

The complexities of treating juvenile offenders, assisting their families, and protecting the community in the context of shrinking social services dollars and multiple agency involvement impact DFYS' ability to meet the

FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 535

H.P. 401 House of Representatives, February 24, 1987
Reference to the Committee on Judiciary suggested and
ordered printed.

EDWIN H. PERT, Clerk
Presented by Representative CLARK of Brunswick.
Cosponsored by Representative COTE of Auburn.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-SEVEN

1 AN ACT Regarding Liability for Foster Parents
2 for Children and Adults.
3

4 Be it enacted by the People of the State of Maine as
5 follows:

6 Sec. 1. 22 MRSA §4066 is enacted to read:

7 §4066. Liability of foster parents

8 1. Immunity from liability. Except as provided
9 in subsection 2. a person providing foster care to a
10 child is immune from civil liability related to the
11 provision of foster care to that child if that per-
12 son:

13 A. Is licensed to operate a family foster home
14 or a specialized children's home pursuant to
15 chapter 1669;