

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672

6252 SENATE HEALTH, EDUCATION AND SOCIAL SERVICES

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Administration  
 Title: An Act relating to Post Retirement Pension Adjustments in TRS BRU: Retirement and Benefits  
 Sponsor: Duncan Components: Retirement and Benefits  
 Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	55.5	55.5	55.5	55.5	55.5	55.5
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	233.7	.3	.3	.3	.3	.3
SUPPLIES	.2	.1	.1	.1	.1	.1
EQUIPMENT	44.5	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	333.9	55.9	55.9	55.9	55.9	55.9

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	333.9	55.9	55.9	55.9	55.9	55.9
TOTAL	333.9	55.9	55.9	55.9	55.9	55.9

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary) THESE ADMINISTRATIVE COSTS WILL BE

BORNE BY THE TEACHERS' RETIREMENT FUND. THEY WILL NOT IMPACT THE GENERAL FUND.

Please refer to page 2 for a detailed discussion of the administrative costs.

THIS BILL IS ESTIMATED TO SAVE THE STATE \$29.1 IN PERSONAL SERVICES COSTS IN FY 91 AND EACH YEAR THEREAFTER. THIS BILL IS ESTIMATED TO SAVE SCHOOL DISTRICTS \$172.1 IN PERSONAL SERVICES COSTS IN FY 91 AND EACH YEAR THEREAFTER. Please refer to page 3 for discussion.

Prepared by: Sally Smith, Director Phone: 465-4460

Division: Retirement and Benefits Date: 3/22/90

Approved by Commissioner: Frank S. Baxter Date: 3/23/90

Agency: Department of Administration

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

Committee Substitute for Senate Bill 53  
Fiscal Note - Analysis  
Prepared by Division of Retirement & Benefits  
Department of Administration  
March 9, 1990

**Analysis:** This bill would establish a pre-funded automatic post retirement pension adjustment (PRPA) and several other cost containment measures in the Teachers' Retirement Systems (TRS). A savings to employers of \$200,000 each year is estimated, after considering the costs for automated systems enhancements and ongoing maintenance.

The PRPA would be granted from July 1 of each year if the Consumer Price Index for Anchorage (CPI-W) increased during the prior calendar year. The bill would also increase the benefit formula to encourage members who accumulate 20 years of membership service to continue teaching. The cost-containment provisions implemented by this bill would parallel the Public Employees Retirement System.

The total estimated administrative cost to the division of \$333.9 for FY 91 is for personal and contractual services. During the first year, a permanent programmer/analyst IV would develop the changes to the TRS automated system in cooperation with a firm contracted to assist. In the second and subsequent years the A/P IV would complete the project and provide ongoing maintenance for the automatic PRPA system and benefit calculation systems for both the TRS and the Public Employees Retirement System. Current staff would not be able to absorb this increased workload.

Committee Substitute for Senate Bill 53  
 Analysis of Financial Impact to the Retirement Fund  
 Prepared by Division of Retirement & Benefits  
 Department of Administration  
 March 9, 1990

Analysis: This bill would decrease the state Teachers' Retirement System (TRS) contribution rate by 0.05% in FY 91. The state TRS payroll is estimated to be \$58,159,258 in FY 91 and remain stable thereafter.

The state savings of \$29,080 are calculated as follows:

Department of Education FY 91 estimated salary	\$5,673,729
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Decrease in TRS rate	X <u>0.05%</u>
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Total savings.....	\$ 2,837
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University of Alaska FY 91 estimated salary	\$52,485,529
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Decrease in TRS rate	X <u>0.05%</u>
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Total savings.....	\$ 26,243
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<u>TOTAL STATE SAVINGS...</u>	<u>\$29,080</u>
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In addition to these state savings, the school districts' contribution rates would likely decrease by 0.05% in FY 91. The school districts' salaries are estimated to be \$ 344,238,828 in FY 91 and remain stable each year thereafter.

The school districts' savings of \$103,272 are calculated as follows:

School district FY 91 estimated salaries	\$344,238,828
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Decrease in TRS rate	X <u>0.05%</u>
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TOTAL SCHOOL DISTRICT SAVINGS...	<u>\$172,119</u>
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Passage of this bill will have no measurable impact on the TRS unfunded liability. It will not affect the TRS funding ratio.

Position Title <b>Analyst/Programmer IV</b>		No. of Positions <b>1</b>	Range/Step <b>19A</b>	Barg. Unit <b>GG</b>
Time Status <b>PE/FT</b>	Staff Months <b>12.0</b>	Location <b>Juneau</b>		Election District <b>4</b>
<b>Type of Expenditure</b>		<b>Amount</b>		
<b>1</b>	<b>2</b>	<b>3</b>		
Salary	40,032			
Benefits	15,480			
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>55,512</b>		
Travel		<b>0</b>		
Contractual		<b>350</b>		
Commodities		<b>100</b>		
Equipment		<b>22,250</b>		
Other				
<b>Total Cost</b>		<b>79,212</b>		
<b>Funding Source for Total Cost</b>				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
I-A Receipts	1006			
CIP Receipts	1061			
Other	Teachers' Retirement 1034	<b>79,212</b>		

**Justification**  
This position will be responsible for the analysis, design, programming, implementation, maintenance, and enhancement of systems and subsystems mandated by CSSB 53. This includes tracking and overseeing contract analyst/programmer work during the first year of the development effort, continuing development to completion in the second or third year, interfacing and maintaining interfaces of the newly developed systems with all other State systems and other systems as appropriate, and maintaining all systems developed by this project as they become operational.

8/6B1/030709-0

**Request For  
New Position**

Agency Administration  
BRU Retirement and Benefits  
Component Retirement and Benefits

Page 4 of 4  
Revised Date

**FY 91**

1990 LEGISLATION  
POSITION PAPER  
DEPARTMENT OF ADMINISTRATION

Division Retirement and Benefits Bill Number CS SB 53

Bill Title An Act relating to Post Retirement Pension Adjustment to TRS.

Position Statement: Explain briefly what bill does, its impacts and Departments' position, i.e. a) support, b) do not support, c) neutral or d) oppose.

SB 53 provides a tremendous opportunity to guarantee teachers that retirement benefits will keep pace with cost-of-living increases, and at the same time, guarantee employers of a related reduction in employer contributions.

This Committee Substitute was developed to provide retired teachers with an automatic, pre-funded, post retirement pension adjustment (PRPA) and an increased benefit multiplier. Cost containment provisions are included to off-set the pre-funding expense.

The current ad hoc PRPA was established on a pay-as-you-go basis. Every time an ad hoc PRPA is issued, the system's unfunded liability is increased, which, in turn, increases the employers' contribution rate--after the fact. The most important aspect of this bill is that it provides for prefunding the PRPAs. The funding of future PRPAs would be incorporated into the plan, with monies set aside in advance. Employer contribution rates would no longer have to "react" to a pension adjustment, and retirees could enjoy some retirement security.

If passed, effective January 1, 1991 teachers' contributions would increase from 7% to 8.65% of salary. These contributions would be with pre-tax, instead of the current after-tax, dollars. Additionally, for those teachers first hired after this bill's effective date, the following provisions would apply:

1. depending on age, each will share in the cost of the health premium after retirement. (For those already hired, the premium is fully paid);
2. none will be eligible for the Alaska cost of living allowance (COLA) until age 65. If the retiree is an Alaska resident, the COLA is an additional 10% of the retirement benefit; and

**DRAFT**

DRAFT

FISCAL NOTE

REQUEST:

Revision Date: 3/6/90 Agency Affected: Administration  
 Title: an act relating to the Retirement Pension Act in IRS BRU: Retirement & Benefits  
 Sponsor: DeMARCAS Components: Retirement & Benefits  
 Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	55.5	55.5	55.5	55.5	55.5	55.5
TRAVEL	0					
CONTRACTUAL	233.7	.3	.3	.3	.3	.3
SUPPLIES	.2	.1	.1	.1	.1	.1
EQUIPMENT	44.5					
LAND & STRUCTURES	0					
GRANTS, CLAIMS	0					
MISCELLANEOUS	0					
TOTAL OPERATING	333.9	55.8	55.8	55.8	55.8	55.8
CAPITAL	0	0	0	0	0	0
REVENUE	333.9	55.8	55.8	55.8	55.8	55.8

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	333.9	55.8	55.8	55.8	55.8	55.8
TOTAL	333.9	55.8	55.8	55.8	55.8	55.8

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

*Please refer to page 2 for a detailed discussion of these costs.*  
 THIS BILL IS ESTIMATED TO SAVE THE STATE \$29.1 IN PERSONAL SERVICES COSTS IN FY91 AND EACH YEAR THEREAFTER.  
 THIS BILL IS ESTIMATED TO SAVE SCHOOL DISTRICTS \$172.1 IN PERSONAL SERVICES COSTS IN FY91 AND EACH YEAR THEREAFTER.

Prepared by: SALLY SMITH, DIRECTOR Phone: 465-4420  
 Division: RETIREMENT & BENEFITS Date: 3/6/90

Approved by Commissioner: Frank S. Baxter Date: \_\_\_\_\_  
 Agency: Department of Administration

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

**DRAFT**

Committee Substitute for Senate Bill 53  
Fiscal Note Analysis  
Prepared by Division of Retirement & Benefits  
Department of Administration  
March 9, 1990

DRAFT

Analysis: This bill would establish a pre-funded automatic post retirement pension adjustment (PRPA) and several other cost containment measures in the Teachers' Retirement Systems (TRS). A savings to employers of \$200,000 each year is estimated, after considering the costs for automated systems enhancements and ongoing maintenance.

The PRPA would be granted from July 1 of each year if the Consumer Price Index for Anchorage (CPI-W) increased during the prior calendar year. The bill would also increase the benefit formula to encourage members who accumulate 20 years of membership service to continue teaching. The cost containment provisions implemented by this bill would parallel the Public Employees Retirement System.

The total estimated administrative cost to the division of \$333.9 for FY 91 is for personal and contractual services. During the first year, a permanent programmer/analyst IV would develop the changes to the TRS automated system in cooperation with a firm contracted to assist. In the second and subsequent years the A/P IV would complete the project and provide ongoing maintenance for the automatic PRPA system and benefit calculation systems for both the TRS and the Public Employees Retirement System. Current staff would not be able to absorb this increased workload.

DRAFT

*Adopted*  
*Passed out*  
*Do Pass*

6-0181D  
Cramer  
3/5/90

Original sponsor(s): SEN. DUNCAN, Zharoff, Kerttula, Sturgulewski, Kelly

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 53 ( )  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the teachers' retirement system;  
7 and providing for an effective date."

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

9 \* Section 1. AS 14.25.050(a) is amended to read:

10 (a) Beginning January 1, 1991 [JULY 1, 1970], each teacher shall  
11 contribute to the system an amount equal to 8.65 [SEVEN] percent of  
12 the teacher's base salary accrued from July 1 to the following  
13 June 30. The employer shall deduct the contribution from the teach-  
14 er's salary at the end of each payroll period. The contributions  
15 shall be deducted from employee compensation before the computation of  
16 applicable federal taxes and shall be treated as employer contribu-  
17 tions under 26 U.S.C. 414(h)(2).

18 \* Sec. 2. AS 14.25.060(a) is amended to read:

19 (a) If a member first joined the service before July 1, 1990,  
20 and has military service or Alaska Bureau of Indian Affairs (BIA)  
21 service, or if a member joined the system before July 1, 1978, and has  
22 creditable outside service, the member is indebted to the system as  
23 follows:

24 (1) At the time of first becoming a member of the system,  
25 the arrearage indebtedness is seven percent of the base salary multi-  
26 plied by the total number of years of creditable outside, military,  
27 and Alaska BIA service. The administrator shall add compound interest  
28 at the rate prescribed by regulation to the arrearage indebtedness  
29 beginning July 1, 1963, or at the time the member first becomes

1 eligible to claim the service, whichever is later, to the date of  
2 payment or the date of retirement, whichever occurs first.

3 (2) If a member terminates from the system and is subse-  
4 quently reemployed as a member, the arrearage indebtedness to the  
5 system for outside, military, or Alaska BIA service accumulated in the  
6 interim is seven percent of the base salary upon reentering membership  
7 service, multiplied by the number of years of interim outside, mili-  
8 tary, and Alaska BIA service. Compound interest at the rate pre-  
9 scribed by regulation shall be added to the arrearage indebtedness  
10 beginning July 1, 1963, or the date of reemployment as a member,  
11 whichever is later, to the date of payment or the date of retirement,  
12 whichever occurs first.

13 \* Sec. 3. AS 14.25.060 is amended by adding a new subsection to read:

14 (d) If a member first joined the system on or after July 1,  
15 1990, and has military service or Alaska BIA service, the member's  
16 indebtedness shall be determined under (a) of this section except that  
17 the percentage multiplier is 8.65 percent.

18 \* Sec. 4. AS 14.25.100(a) is amended to read:

19 (a) A member who served as an active member of the armed forces  
20 of the United States may receive credited service under this system up  
21 to a maximum of five years if the member received a discharge under  
22 honorable conditions and is not entitled to receive retirement bene-  
23 fits from the United States government for the same service. Each 12  
24 months of military service equals one school year, and lesser military  
25 periods will be determined for credit purposes in a proportionate  
26 ratio to a year. [TO RECEIVE CREDITED SERVICE UNDER THIS SECTION, THE  
27 MEMBER MUST HAVE RECEIVED A DISCHARGE OTHER THAN DISHONORABLE.]  
28 Credit for service in the armed forces shall be granted only if the  
29 member makes contributions for the service in the same manner as

1 required for outside service under AS 14.25.060. The military service  
2 credited under this section shall be included in the 10-year limita-  
3 tion of outside service as specified in AS 14.25.060, except if entry  
4 into the armed forces is immediately preceded by Alaska membership  
5 service and following discharge is continued by Alaska membership  
6 service within one year thereafter, service may not be counted for  
7 purposes of determining the applicability of the 10-year limitation on  
8 outside service.

9 \* Sec. 5. AS 14.25.110(a) is amended to read:

10 (a) Subject to AS 14.25.167, a member is eligible for a normal  
11 retirement benefit if the member

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

15 (2) has attained the age of 60 [55] years and has at least  
16 eight years of membership service;

17 (3) has attained the age of 60 [55] years, has at least  
18 five years of membership service, and has at least three years of  
19 Alaska BIA service;

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

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

23 (6) has at least 20 years of combined membership service  
24 and Alaska BIA service, the last five of which have been membership  
25 service; or

26 (7) has at least one-half year of membership service as a  
27 part-time teacher for each of 20 school years.

28 \* Sec. 6. AS 14.25.110(b) is amended to read:

29 (b) Subject to AS 14.25.167, a member is eligible for an early

1 retirement benefit upon completing [ANY ONE OF] the service require-  
2 ments in (a)(1) [, (2), OR (3)] of this section and attaining the age  
3 of 50 years or upon completing the service requirements in (a)(2) or  
4 (3) of this section and attaining the age of 55 years.

5 \* Sec. 7. AS 14.25.110(d) is amended to read:

6 (d) The monthly amount of a retirement benefit for a member who  
7 has paid the full amount of any indebtedness is one-twelfth [TWO  
8 PERCENT] of the member's average base salary during any three school  
9 years of membership service multiplied by

10 (1) two percent of [TIMES] the years of credited service  
11 earned before June 30, 1990, including credited fractional years, and  
12 the years of credited service through a total of 20 years; plus

13 (2) two and one-half percent of the years of credited  
14 service earned after June 30, 1990, that are more than 20 years of  
15 total credited service [DIVIDED BY 12. AN ACTUARIAL ADJUSTMENT MUST  
16 BE MADE FOR EARLY RETIREMENT].

17 \* Sec. 8. AS 14.25.110 is amended by adding a new subsection to read:

18 (j) An actuarial adjustment must be made to benefits payable  
19 under (d) of this section for early retirement.

20 \* Sec. 9. AS 14.25.125(a) is amended to read:

21 (a) Subject to AS 14.25.167, a member is eligible for a normal  
22 retirement salary at age 60 [55] with at least two years membership  
23 service if the member also is eligible for a normal retirement benefit  
24 under the public employees' retirement system (AS 39.35).

25 \* Sec. 10. AS 14.25.125(b) is amended to read:

26 (b) Subject to AS 14.25.167, a member is eligible for an early  
27 retirement salary at age 55 [50] with at least two years of membership  
28 service if the member also is eligible for an early retirement benefit  
29 under the public employees' retirement system (AS 39.35).

1 \* Sec. 11. AS 14.25.142(a) is amended to read:

2 (a) While residing in the state, a person receiving a benefit  
3 under this chapter who is at least 65 years of age or who is receiving  
4 a disability benefit under this chapter is entitled to receive a  
5 monthly cost-of-living [COST OF LIVING] allowance in addition to the  
6 basic benefit. The amount of this allowance is 10 percent of the  
7 basic benefit.

8 \* Sec. 12. AS 14.25.143 is repealed and reenacted to read:

9 Sec. 14.25.143. POST RETIREMENT PENSION ADJUSTMENT. (a) Once  
10 each year, the administrator shall increase benefit payments to eligi-  
11 ble disabled members, to persons age 60 or older receiving benefits  
12 under this system in the preceding calendar year, and to persons who  
13 have received benefits under this system for at least eight years who  
14 are not otherwise eligible for an increase under this section.

15 (b) The increase in benefit payments applies to total benefit  
16 payments except for the cost-of-living allowance under AS 14.25.142.  
17 The amount of the increase is a percentage of the current benefit  
18 equal to

19 (1) the lesser of 75 percent of the increase in the cost of  
20 living in the preceding calendar year or nine percent, for recipients  
21 who on July 1 are at least 65 years old and for members receiving  
22 disability benefits; and

23 (2) the lesser of 50 percent of the increase in the cost of  
24 living in the preceding calendar year or six percent, for recipients  
25 who on July 1 are at least 60 but less than 65 years old or for recip-  
26 ients who on July 1 are less than 60 years old but who have received  
27 benefits from the system for at least eight years.

28 (c) If a recipient was not receiving benefits during the entire  
29 preceding calendar year, the increase in benefits under this section.

1 shall be adjusted by multiplying it by the fraction whose numerator is  
2 the number of months for which benefits were received in the preceding  
3 calendar year and whose denominator is 12.

4 (d) If at the time of first receiving a retirement benefit, a  
5 member was receiving a disability benefit under this system, the  
6 administrator shall, at the time the member is appointed to retire-  
7 ment, increase the retirement benefit by a percentage equal to the  
8 total cumulative percentage increase that has been applied to the  
9 member's disability benefit under this section.

10 (e) When computing a death benefit under AS 14.25.155, 14.25.-  
11 157, or 14.25.160 or a survivor's benefit under AS 14.25.162, 14.25.-  
12 164, or 14.25.167, adjustments granted to the deceased member or  
13 survivor under this section shall be included in the computation.

14 (f) An increase in benefit payments under this section is effec-  
15 tive July 1 of each year and is based on the percentage increase in  
16 the consumer price index for urban wage earners and clerical workers  
17 for Anchorage, Alaska during the previous calendar year as determined  
18 by the United States Department of Labor, Bureau of Labor Statistics.

19 \* Sec. 13. AS 14.25.168(a) is amended to read:

20 (a) Except as provided in (c) of this section, the following  
21 persons are entitled to major medical insurance coverage if a benefit  
22 recipient elects coverage under this section:

23 (1) a person receiving a monthly benefit from the system;

24 (2) the spouse of a person receiving a monthly benefit from  
25 the system;

26 (3) a natural or adopted child of a person receiving a  
27 monthly benefit, if the child is a dependent child as defined in  
28 AS 14.25.220.

29 \* Sec. 14. AS 14.25.168(b) is amended to read:

1 (b) After an election of coverage under [EXCEPT AS PROVIDED IN  
2 (c) OF] this section, major medical insurance coverage takes effect on  
3 the same date as retirement benefits begin and stops when the member  
4 [RETIRED PERSON] or survivor is no longer eligible to receive a month-  
5 ly benefit. The coverage for persons [OVER] age 65 or older is the  
6 same as that available for persons under age 65. The benefits payable  
7 to those persons age 65 or older supplement any benefits provided  
8 under the federal old age, survivors and disability insurance program.

9 \* Sec. 15. AS 14.25.168 is amended by adding a new subsection to read:

10 (d) A benefit recipient may elect major medical insurance cover-  
11 age in accordance with regulations and under the following conditions:

12 (1) a person who is younger than 60 years of age must pay  
13 an amount equal to the full monthly group premium for retiree major  
14 medical insurance coverage;

15 (2) a person who is at least 60 years of age but is younger  
16 than 65 years of age must pay an amount equal to one-half of the full  
17 monthly group premium for retiree major medical insurance coverage;

18 (3) a disabled member or a person 65 years of age or older  
19 is not required to make premium payments.

20 \* Sec. 16. APPLICABILITY. This Act, other than secs. 1, 7, 8, and 12,  
21 applies only to members first hired under the teachers' retirement system  
22 on or after July 1, 1990. Changes in the teachers' retirement system  
23 enacted in this Act that require a reduction in benefits to members of the  
24 retirement system apply only to members who are first hired under the  
25 retirement system after June 30, 1990. Sections 1, 7, 8, and 12 of this  
26 Act apply to all members of the teachers' retirement system regardless of  
27 the date of hire.

28 \* Sec. 17. This Act takes effect July 1, 1990.

**S B**

**71**



Senate Health, Education and  
Social Services Committee

Senator Paul Fischer, Chairman

Fiscal Notes

Fraud - Knowing Intent.

5 Reporting Requirements.  
developed by?

9 Caretaker without good cause.

9 Time lag on Reimbursements

9 Make other arrangements.

10. Local Market + Rate.

Should the department  
set the local Market Avg.

10 42 USC. 681616

# Senate bills eye reform in welfare

## Legislation provides incentives to family

By ROBERT LAURIE  
Times Juneau Bureau

JUNEAU — A package of bills that begin the reform of the state's welfare system will be introduced this week in the House, joining a companion set of measures now under consideration in the Senate.

"It's a comprehensive welfare reform effort in Alaska called the Alaska Family Support Act," said Sen. Rick Uehling, R-Anchorage. "This legislation will provide incentives for families to enter the workforce rather than remain on public assistance. It's sort of a workfare kind of a program."

Uehling is prime sponsor of the Senate bills, while Rep. Johnny Ellis, D-Anchorage, is leading the effort in the House. The two are working together on a bi-partisan effort to phase in the provisions of the federal Family Support Act, passed last year by Congress.

The act eventually will replace the existing Aid to Families with Dependent Children program. Ellis notes it will offer the state new federal matching money for programs encouraging parents to choose work over welfare.

"The emphasis is not punitive, the emphasis is on incentives," said Ellis.

The initial package of bills deals with practical considerations such as day-care assistance, health care coverage, vocational training and child support enforcement.

Parents who find employment could continue receiving medical benefits for up to 12 months so they and their children would not have to sacrifice health care in order to get a job.

A current state program that provides day-care assistance to parents of children up to the age of 3 would be extended to include children up to the age of 6.

More training and education programs would become available to public assistance recipients.

Another measure tightens up the rules for absent parents, making it easier for authorities to collect child support payments.



# Alaska State Legislature

SENATE

*Committee on Finance*

Official Business

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

MEMORANDUM

January 9, 1988

SUBJECT: SB 71 Transitional Medical Assistance  
SCR 2 Family Support Task Force

TO: Senator Paul Fischer

FROM: Senator Rick Uehling

A handwritten signature in black ink, appearing to read "Rick Uehling", written over the name "Senator Rick Uehling" in the "FROM:" field.

Enclosed is a copy of SB 71, a bill which I have introduced that provides for transitional medical assistance for families that become ineligible for Aid to Families with Dependent Children because of employment. The program provides incentives for families to enter the workforce rather than remain on public assistance due to loss of benefits. The bill also addresses recently created federal mandates for welfare reform.

Also enclosed is a copy of SCR 2, which will be introduced tomorrow. This resolution creates a task force of policy makers to review the federal mandates in order to craft a program for Alaskans which meets our needs.

Please let me know if you would also like to sponsor this legislation. I look forward to working with you on these issues.

It is important that welfare reform measures be addressed by the Legislature. Failure to comply with the new federal mandates will result in a fiscal penalty for the federal match to our AFDC program.

Sponsor substitute for SB 71  
chopped off on 1-9 by Uehling's  
staff.

6-0232H ✓  
Lauterbach  
1/4/89

1 IN THE SENATE

BY UEHLING

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 71

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for transitional medical care and  
7 child care for families that become ineligible for  
8 aid to families with dependent children because of  
9 employment; requiring the Department of Health and  
10 Social Services to make a report after reevaluating  
11 certain assistance standards; and providing for an  
12 effective date."

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

14 \* Section 1. AS 47.07.020(a) is amended to read:

15 (a) Subject to the provisions of AS 47.07.032 - 47.07.033, all  
16 [ALL] residents of the state for whom the Social Security Act requires  
17 medicaid coverage are eligible to receive medical assistance under 42  
18 U.S.C. 1396 - 1396p (Title XIX, Social Security Act).

19 \* Sec. 2. AS 47.07.020(a) is repealed and reenacted to read:

20 (a) All residents of the state for whom the Social Security Act  
21 requires medicaid coverage are eligible to receive medical assistance  
22 under 42 U.S.C. 1396 - 1396p (Title XIX, Social Security Act).

23 \* Sec. 3. AS 47.07.030 is amended by adding a new subsection to read:

24 (c) The provisions of (a) and (b) of this section do not apply  
25 to persons who receive transitional assistance under AS 47.07.032 -  
26 47.07.033.

27 \* Sec. 4. AS 47.07 is amended by adding new sections to read:

28 Sec. 47.07.032. TRANSITIONAL COVERAGE; INITIAL SIX MONTHS. (a)  
29 Notwithstanding any other provision of this chapter, the department

1 shall provide transitional medical assistance as described in this  
2 section to a family that received aid under AS 47.25.310 - 47.25.420  
3 (Aid to Families with Dependent Children), other than transitional  
4 child care assistance under AS 47.25.397, for at least three of the  
5 six months immediately preceding the month in which the family became  
6 ineligible for the aid if the family became ineligible for the aid as  
7 a result of

8 (1) increased hours of the caretaker relative's employment;

9 (2) increased income from the caretaker relative's employ-  
10 ment; or

11 (3) a decrease in the earned income disregarded under  
12 42 U.S.C. 602(a)(8)(B)(ii)(II).

13 (b) Except as provided in (c) and (d) of this section, a family  
14 that meets the requirements of this section is eligible for transi-  
15 tional medical assistance, without reapplication, for the six-month  
16 period beginning immediately after the last month for which the family  
17 received aid under AS 47.25.310 - 47.25.420, other than transitional  
18 child care assistance under AS 47.25.397.

19 (c) Notwithstanding (a) and (b) of this section, this section  
20 does not apply to an individual who is a member of a family that  
21 received aid under AS 47.25.310 - 47.25.420 if the department finds  
22 that, at any time during the last six months in which the family  
23 received the aid before being provided transitional assistance under  
24 this section, the individual was ineligible for the aid because of  
25 fraud.

26 (d) In addition to the six-month limitation in (b) of this  
27 section, assistance under this section shall terminate at the end of  
28 the first month in which the family ceases to include a child who is,  
29 or if needy would be, a dependent child. Termination under this

1 subsection may not take effect until the department has provided the  
2 family with notice of the grounds for the termination. The department  
3 may not terminate assistance to a child who ceases to be a dependent  
4 child until the department has determined that the child is not eligi-  
5 ble for assistance under another provision of this chapter.

6 (e) Except as provided in (f) of this section, the amount,  
7 duration, and scope of assistance provided during the six-month exten-  
8 sion period described in this section shall be the same as if the  
9 family were still receiving aid under AS 47.25.310 - 47.25.420.

10 (f) If the department determines with respect to a particular  
11 family that it would be more cost effective for the state, the depart-  
12 ment shall pay a family's expenses for premiums, deductibles, coinsur-  
13 ance, and similar costs for health insurance or other health coverage  
14 offered by an employer of the caretaker relative or by an employer of  
15 the absent parent of a dependent child. If the department determines  
16 that coverage offered by an employer of the caretaker relative is the  
17 most cost effective alternative for the state, the department shall  
18 require the caretaker, as a condition of transitional assistance under  
19 this section, to apply for the employer coverage, but only if

20 (1) the caretaker relative is not required to make finan-  
21 cial contributions for the coverage through payroll deduction, payment  
22 of deductibles, coinsurance, or similar costs, or otherwise; and

23 (2) the department provides, directly or otherwise, for  
24 payment of a premium amount, deductible, coinsurance, or similar  
25 expense that the employee is otherwise required to pay.

26 (g) If the department pays for coverage offered by an employer  
27 as provided in (f) of this section, the department shall treat the  
28 coverage under the employer plan as a third party liability under 42  
29 U.S.C. 1396a.

1 (h) During the third month and the sixth month that a family  
2 receives transitional assistance under this section, the department  
3 shall notify the family of the family's option for additional transi-  
4 tional assistance available under AS 47.07.033. The notice must  
5 include

6 (1) in the third month notice, a statement of the reporting  
7 requirement under AS 47.07.033(a)(2);

8 (2) in the sixth month notice, a statement of the reporting  
9 requirement under AS 47.07.033(d)(3)(A);

10 (3) a statement as to whether a premium is required for the  
11 additional transitional assistance; and

12 (4) a description of other out-of-pocket expenses, bene-  
13 fits, reporting and payment procedures, and preexisting condition  
14 limitations, waiting periods, or other coverage limitations imposed  
15 under the alternative option offered under AS 47.07.033(g).

16 (i) During the sixth month that a family receives transitional  
17 assistance under this section, the department shall give the family  
18 the notice required under (h) of this section and a statement of the  
19 amount of any premium that would be required of that family for each  
20 of the first three months of additional transitional assistance under  
21 AS 47.07.033.

22 (j) In this section

23 (1) "caretaker relative" has the meaning given in 42 U.S.C.  
24 601-616;

25 (2) "dependent child" has the meaning given in AS 47.25.-  
26 410.

27 Sec. 47.07.033. TRANSITIONAL COVERAGE; SECOND SIX MONTHS. (a)  
28 Except as provided in (b) of this section, the department shall offer  
29 six additional months of medical assistance as described in this

1 section to a family that

2 (1) received assistance under AS 47.07.032 during the  
3 immediately preceding six months; and

4 (2) reported to the department by the 21st day of the  
5 fourth month of assistance under AS 47.07.032 concerning the family's  
6 gross monthly earnings for the first three months of that period and  
7 the family's monthly costs for child care that was necessary for the  
8 employment of the caretaker relative during those three months.

9 (b) This section does not apply to an individual who is a member  
10 of a family that received aid under AS 47.25.310 - 47.25.420 if the  
11 department finds that, at any time during the last six months in which  
12 the family received aid before being provided transitional assistance  
13 under AS 47.07.032, the individual was ineligible for the aid because  
14 of fraud.

15 (c) During the third month that a family receives assistance  
16 under this section, the department shall not the family of the  
17 reporting requirement of (d)(3)(A) of this sect. and give the family  
18 a statement of the amount of any premium requ. for the succeeding  
19 three months of assistance.

20 (d) In addition to the six-month limitat. 'n (a) of this  
21 section, assistance under this section shall terminate

22 (1) at the close of the first month in which the family  
23 ceases to include a child who is, or if needy would be, a dependent  
24 child;

25 (2) the family fails to pay a premium required under (h) of  
26 this section;

27 (3) at the end of the first or fourth month of the six-  
28 month period if

29 (A) the family fails to report to the department by

1 the 21st day of that month concerning, for the preceding three  
2 months, the family's gross monthly earnings and costs for child  
3 care that was necessary for the caretaker relative's employment;  
4 information reported under this subparagraph is subject to the  
5 restrictions on use and disclosure of information provided under  
6 42 U.S.C. 602(a)(9);

7 (B) the caretaker relative had no earnings in one or  
8 more of the preceding three months unless the lack of earnings  
9 was due to an involuntary loss of employment, illness, or other  
10 good cause, established to the satisfaction of the department; or

11 (C) the department determines that the family's aver-  
12 age gross monthly earnings, less costs for child care that was  
13 necessary for the caretaker relative's employment, during the  
14 immediately preceding three months exceeded 185 percent of the  
15 official poverty line for a family of that size, as defined by  
16 the federal Office of Management and Budget.

17 (e) Termination of assistance under (c) of this section may not  
18 take effect until the department has provided the family with notice  
19 of the grounds for termination. If the conditions of (d)(3)(B) of  
20 this section are the grounds for termination, the notice must also  
21 include a description of how the family may reestablish eligibility  
22 for medical assistance under other provisions of this chapter. If the  
23 conditions of (d)(1) of this section are the grounds for termination,  
24 the department may not terminate the child's coverage under this  
25 section until it determines that the child is not eligible under  
26 another provision of this chapter. If the conditions of (d)(2) or (3)  
27 of this section are the grounds for termination, the department may  
28 not terminate an individual's coverage under this section until it  
29 determines that the individual is not eligible under another provision

1 of this chapter.

2 (f) Unless the department determines under (g) of this section  
3 that alternative coverage would be more cost effective for the state,  
4 the department shall offer to a family eligible under this section  
5 medical assistance that is the same amount, duration, and scope as  
6 would be made available to the family if it were still receiving aid  
7 under AS 47.25.310 - 47.25.420.

8 (g) If the department determines with respect to a particular  
9 family that it would be more cost effective for the state, the depart-  
10 ment shall offer a family eligible for coverage under this section,  
11 instead of the coverage described in (f) of this section, the option  
12 of being enrolled in a family option of the group health plan offered  
13 to the caretaker relative by that person's employer. If the family  
14 enrolls in an employer plan under this subsection, the department  
15 shall pay the family's expenses for premiums, deductibles, coinsur-  
16 ance, and similar costs for participation in the plan. The department  
17 may not offer the option of employer coverage under this subsection  
18 unless the state ensures that maternity care and preventive pediatric  
19 care is available without charge to the family through

20 (1) payment by the department of deductibles, coinsurance,  
21 or other cost sharing for that care;

22 (2) coverage for this care by the department under this  
23 chapter without cost sharing; or

24 (3) a combination of the mechanisms described in (1) and  
25 (2) of this subsection.

26 (h) The department shall impose a premium on a family for addi-  
27 tional transitional coverage under this section to the extent permit-  
28 ted by federal law.

29 (i) In this section

1 (1) "maternity care" means services related to pregnancy,  
2 including prenatal, delivery, and postpartum services;

3 (2) "preventive pediatric care" means ambulatory preventive  
4 pediatric care, including ambulatory early and periodic screening,  
5 diagnosis, and treatment services required under 42 U.S.C. 1396d(a)-  
6 (4)(B) for each child who meets the age and date of birth requirements  
7 to be a qualified child under 42 U.S.C. 1396d(n)(2).

8 \* Sec. 5. AS 47.25.320 is amended by adding a new subsection to read:

9 (e) At least once every three years, under a schedule estab-  
10 lished by the Secretary of Health and Human Services, the department  
11 shall reevaluate the need standard and payment standard determined  
12 under this section. The department shall report the results of this  
13 reevaluation to the Secretary of Health and Human Services and to the  
14 public in the form and manner required by the secretary. The report  
15 must include a statement of

16 (1) the manner in which the need standard of the state is  
17 determined;

18 (2) the relationship between the need standard and the  
19 payment standard, expressed as a percentage or in another manner  
20 determined by the secretary to be appropriate; and

21 (3) the changes in the need standard or the payment stan-  
22 dard in the preceding three-year period.

23 \* Sec. 6. AS 47.25 is amended by adding a new section to read:

24 Sec. 47.25.397. TRANSITIONAL CHILD CARE. (a) The department  
25 shall provide child care assistance determined by the department to be  
26 necessary for an individual's employment in a case where a family has  
27 ceased to receive aid to families with dependent children as a result  
28 of

29 (1) increased hours of employment;

1 (2) increased income from employment; or

2 (3) a decrease in the earned income disregarded under 42  
3 U.S.C. 602(a)(8)(B)(ii)(II).

4 (b) Notwithstanding (a) of this section, a family is eligible  
5 for assistance under this section only for a period of 12 months after  
6 the last month for which the family received aid to families with  
7 dependent children and only if the family received aid to families  
8 with dependent children in at least three of the six months immedi-  
9 ately preceding the month in which the family became ineligible for  
10 the aid.

11 (c) A family is not eligible for assistance under this section  
12 for any month beginning after

13 (1) the family no longer includes a child who is, or if  
14 needy would be, a dependent child; or

15 (2) the caretaker relative who is a member of the family

16 (A) without good cause, terminates employment; or

17 (B) fails to cooperate with the department in estab-  
18 lishing and enforcing child support obligations.

19 (d) The department may provide the child care assistance re-  
20 quired under (a) of this section by

21 (1) providing the care directly;

22 (2) arranging the care through providers by use of purchase  
23 of service contracts or vouchers;

24 (3) reimbursing a caretaker relative in the family; or

25 (4) making other arrangements the department considers  
26 appropriate.

27 (e) In determining the manner of providing assistance under (d)  
28 of this section, the department

29 (1) shall take into account the individual needs of the

1 child;

2 (2) may not reimburse the cost of child care provided with  
3 respect to a family in an amount that is greater than the applicable  
4 local market rate, as determined by the department under applicable  
5 federal regulations.

6 (f) A family shall contribute to the costs of child care provid-  
7 ed under this section based on the family's ability to pay in accor-  
8 dance with a sliding scale formula which the department shall estab-  
9 lish by regulation.

10 (g) The department may, by regulation, set a maximum amount on  
11 the value of child care assistance provided under this section. The  
12 amount set under this subsection must meet the minimum required by  
13 federal law.

14 (h) In this section "caretaker relative" has the meaning given  
15 in 42 U.S.C. 601-616.

16 \* Sec. 7. Sections 4 and 6 of this Act apply to families who become  
17 ineligible for assistance under AS 47.25.310 - 47.25.420 (Aid to Families  
18 with Dependent Children) on or after April 1, 1990, and before Septem-  
19 ber 30, 1998.

20 \* Sec. 8. AS 47.07.030(c), 47.07.032 - 47.07.033, and AS 47.25.397 are  
21 repealed.

22 \* Sec. 9. Sections 1, 3 - 4, and 6 - 7 of this Act take effect April 1,  
23 1990.

24 \* Sec. 10. Section 5 of this Act takes effect immediately under AS 01.-  
25 10.070(c).

26 \* Sec. 11. Sections 2 and 8 of this Act take effect September 30, 1998.  
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28  
29

**S B**

**72**





April 6, 1989

APR 10 1989

Senator Paul Fischer  
P.O. Box "Y"  
Juneau, Alaska 99811

RE: Sponsor Substitute SENATE BILL 72

Dear Senator Fischer:

The Kenai Peninsula Builders Association would like to thank you for addressing our concerns regarding the the original Senate Bill 72. Our association will support the rewritten Sponsor Substitute for Senate Bill 72, and appreciate the legislative effort to create positive legislation regarding the serious problem of poor quality construction in the rewritten bill.

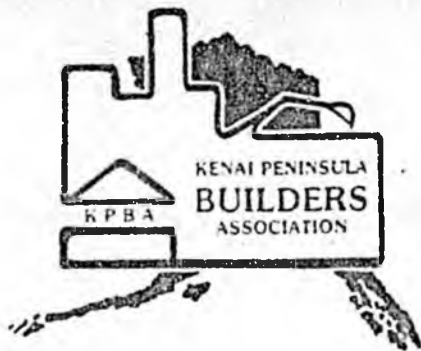
The Kenai Peninsula Builders Association will continue to ask for your support of state-wide mandatory building inspections as an Underwriting Guideline for any A/RFC loan. A five step inspection system would include Plans Approval, Footing, Foundation and Framing Inspection, Insulation Inspection, Electrical and Plumbing Inspection, Final Inspection.

Sincerely,

KENAI PENINSULA BUILDERS ASSOCIATION

*Shelby Johnson*  
Shelby E. Johnson, President

SEJ/pav



April 6, 1989

Senator Mike Szymanski  
P.O. Box "V"  
Juneau, Alaska 99811

RE: Sponsor Substitute SENATE BILL 72

Dear Senator Szymanski:

The Kenai Peninsula Builders Association supports the Sponsor Substitute for Senate Bill 72. We would like to thank you for listening to our concerns regarding the the original bill, and appreciate your effort in working with members of our industry to create positive legislation in the rewritten bill.

Your bill addresses the serious problem of poor quality construction, an area of great concern to the competent members of the building industry, in a practical and positive way. The requirement for builder education and competency exams in Arctic and thermal construction techniques is certainly a progressive move. Our association supports the Alaska Craftsman Home Program and feels that many of the "mistakes" we've seen in the past will be eliminated through education. Requiring Alaska Housing Finance Corporation to only loan or grant state money for houses built by licensed residential contractors will help ensure compliance across the state.

The Kenai Peninsula Builders Association will continue to ask for your support of state-wide mandatory building inspections as an Underwriting Guideline for any AHFC loan. A five step inspection system would include Plans Approval; Footing, Foundation and Framing Inspection; Insulation Inspection; Electrical and Plumbing Inspection; Final Inspection.

Sincerely,

KENAI PENINSULA BUILDERS ASSOCIATION

Shelby E. Johnson, President

SEJ/pav

cc: Senator Paul Fischer  
Senator Jay Karttula  
Representative C. E. Swackhammer  
Representative Mike Nerverre  
Representative Jim Zawacki  
Representative Pat Pouchot

Alaska State Home Builders Association  
Interior Builders Association of Fairbanks  
B. I. A. of Anchorage  
Home Builders Association of Juneau  
Met-Su Home Builders Association  
Kenai Peninsula Board of Realtors

Box 1753 • Kenai, Alaska 99611 • (907) 776-5719

6-0388J.  
Lauterb.  
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Original sponsor: Szymanski

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IN THE SENATE

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 72 ( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to registration and endorsements fo  
contractors; prohibiting the use of state money i:  
relation to certain residential work unless the work  
is performed by a general contractor who has a res-  
idential contractor endorsement; and providing for an  
effective date."

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

\* Section 1. AS 08.01.050(a) is amended to read:

(a) The department shall perform the following administrative  
and budgetary services when appropriate:

- (1) collect and record fees;
- (2) maintain records and files;
- (3) issue and receive application forms;
- (4) notify applicants of acceptance or rejection as de-  
termined by the board or as determined by the department under AS 08.-  
11 for audiologists, under AS 08.18 for contractors, under AS 08.45  
for naturopaths, or under AS 08.55 for hearing aid dealers;
- (5) designate dates examinations are to be held and notify  
applicants;
- (6) publish notice of examinations and proceedings;
- (7) arrange space for holding examinations and proceedings;
- (8) notify applicants of results of examinations;
- (9) issue licenses or temporary licenses as authorized by  
the board or as authorized by the department under AS 08.11 for

1 audiologists, under AS 08.18 for contractors, under AS 08.45 f.  
2 naturopaths, or under AS 08.55 for hearing aid dealers;

3 (10) issue duplicate licenses upon submission of a writte  
4 request by the licensee attesting to loss of or the failure to receiv  
5 the original and payment by the licensee of a fee established b  
6 regulation adopted by the department;

7 (11) notify licensees of renewal dates at least 30 day  
8 before the expiration date of their licenses;

9 (12) compile and maintain a current register of licensees;

10 (13) answer routine inquiries;

11 (14) maintain files relating to individual licensees;

12 (15) arrange for printing and advertising;

13 (16) purchase supplies;

14 (17) employ additional help when needed;

15 (18) perform other services that may be requested by the  
16 board;

17 (19) provide inspection, enforcement, and investigative  
18 services to the boards and for the occupations listed in AS 08.01.010,  
19 regarding all licenses issued by or through the department;

20 (20) retain and safeguard the official seal of a board and  
21 prepare, sign, and affix a board seal, as appropriate, for licenses  
22 approved by a board;

23 (21) issue business licenses under AS 43.70.

24 \* Sec. 2. AS 08.18 is amended by adding a new section to read:

25 Sec. 08.18.013. CATEGORIES OF CONTRACTORS. The department may  
26 adopt regulations establishing categories of contractors and the  
27 registration or endorsement requirements for persons in those categor-  
28 ies.

29 \* Sec. 3. AS 08.18 is amended by adding a new section to read:

1           Sec. 08.18.024. RESIDENTIAL CONTRACTORS. (a) A general con-  
2 tractor or builder may not <sup>Undertake</sup> ~~oversee~~ the construction or alteration, or  
3 submit a bid to <sup>Undertake</sup> ~~oversee~~ the construction or alteration of a privately-  
4 owned residential structure of one to four units or advertise or  
5 publicly represent that the general contractor or builder may <sup>Undertak</sup> ~~oversee~~  
6 work of this type in the state without a residential contractor  
7 endorsement issued under this section.

8           (b) The department shall issue a residential contractor endorse-  
9 ment to a person who

10           (1) has a certificate of registration as a general contrac-  
11 tor;

12           (2) passes a residential contractor examination, which  
13 shall be offered by the department at least twice a year; the examina-  
14 tion, which may be written or practical, may test competence in rela-  
15 tion to arctic structural and thermal construction techniques and  
16 other matters as determined by the department in consultation with  
17 representatives of the construction industry;

18           (3) applies for an endorsement within six months after  
19 passing the examination required under (2) of this subsection;

20           (4) within the two years preceding the date of application  
21 for the endorsement, has satisfactorily completed the Alaska craftsman  
22 home program sponsored by the Department of Community and Regional  
23 Affairs; or completed a university-level course in arctic  
24 engineering or its equivalent

25           (5) is not under indictment for, or in the preceding seven  
26 years has not been under a sentence for, an offense related to forg-  
27 ery, theft, extortion, or conspiracy to defraud creditors or for a  
28 felony involving moral turpitude; and

29           (6) pays the appropriate fees.

30           (c) The department may not renew an endorsement issued under

1 this section unless the applicant submits proof of continued compe  
2 tency relating to residential contracting that satisfies the depart  
3 ment. A lapsed endorsement may be reinstated, within two years afte  
4 the lapse, upon proof of continued competency, payment of a renewa  
5 fee for the intervening time period, and payment of any penalty fe  
6 established under AS 08.01.100(b). If the endorsement has been lapse  
7 for more than two years, the department may not reinstate it until the  
8 person also passes the residential contractor examination described in  
9 (b) of this section.

10 \* Sec. 4. AS 08.18.041 is repealed and reenacted to read:

11 Sec. 08.18.041. FEES. (a) The department shall set fees under  
12 AS 08.01.065 for

13 (1) registration and renewal of registration for all cat  
14 egories of contractors;

15 (2) examination, issuance of initial endorsement, and  
16 renewal of active or inactive endorsements for residential contrac  
17 tors; and

18 (3) departmental publications and seminars related to this  
19 chapter.

20 (b) A person who fails a residential contractor examination  
21 shall pay the <sup>examination</sup> application fee set by the department if the person  
22 applies to retake an examination.

23 \* Sec. 5. AS 08.18.116 is amended to read:

24 Sec. 08.18.116. INVESTIGATIONS. Either the Department of Com-  
25 merce and Economic Development or the Department of Labor may investi-  
26 gate alleged or apparent violations of this chapter. These depart-  
27 ments, upon showing proper credentials, may enter, during regular  
28 hours of work, a construction site where it appears that contracting  
29 work is being done. The departments may make inquiries about the

1 identity of the contractor or the person acting in the capacity of  
 2 contractor. Upon demand, a contractor or person acting in the capac  
 3 ity of a contractor, or that person's representative, shall produce  
 4 evidence of current endorsement, if applicable, and registration.

5 \* Sec. 6. AS 08.18.121 is amended by adding a new subsection to read:

6 (h) The endorsement of a residential contractor is automatically  
 7 suspended or revoked while the contractor's registration is suspended  
 8 or revoked.

9 \* Sec. 7. AS 08.18 is amended by adding a new section to read:

10 Sec. 08.18.123. DENIAL, SUSPENSION, AND REVOCATION OF ENDORSE-  
 11 MENT. (a) The department may suspend, revoke, or refuse to grant or  
 12 renew a residential contractor endorsement upon a finding that

13 (1) the application is fraudulent or misleading;

14 (2) the contractor has knowingly violated this chapter or a  
 15 lawful order or regulation of the department;

16 (3) the contractor is incompetent or has engaged in fraudu-  
 17 lent practices.

18 (b) Proceedings for the denial, suspension, or revocation of  
 19 residential contractor endorsement are governed by the Administrative  
 20 Procedure Act (AS 44.62).

21 \* Sec. 8. AS 08.18.141(a) is amended to read:

22 (a) A contractor or a person acting in the capacity of a con-  
 23 tractor who knowingly violates [IN VIOLATION OF] AS 08.18.011 or  
 24 08.18.024 is guilty of a class B misdemeanor. A person who violates  
 25 another provision of this chapter is guilty of a violation punishable  
 26 under AS 12.

27 \* Sec. 9. AS 08.18.171 is amended by adding a new paragraph to read:

28 (10) "residential contractor" means a general contractor  
 29 whose ~~primary~~ business <sup>and</sup> operation involves <sup>under taking</sup> ~~overseeing~~ the construction

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or alteration of a privately-owned residential structure of one four units that is used or intended to be used as a human dwelling.

\* Sec. 10. AS 37.05 is amended by adding a new section to read:

ARTICLE 6A. MISCELLANEOUS PROVISIONS.

Sec. 37.05.800. RESTRICTION ON USE OF STATE MONEY FOR RESIDENTIAL CONTRACTING. (a) The state may not grant or loan money or purchase a loan for the construction or alteration of a privately owned residential structure of one to four units unless the grant or loan requires the construction or alteration to be <sup>undertaken by</sup> ~~performed under the~~ oversight of a residential contractor with an endorsement issued under AS 08.18.

(b) ~~Notwithstanding the exemptions in AS 08.18.161(9), (11), and (13),~~ the restriction of (a) of this section <sup>does not apply</sup> applies to a state loan or grant or purchase of a loan made for work described in AS 08.18.161(9), (11), and (13) that is <sup>exempt from the requirements</sup> ~~the construction or alteration of a~~ <sup>of AS 08.18.</sup> ~~privately-owned residential structure of one to four units.~~

\* Sec. 11. TRANSITIONAL LICENSING. Notwithstanding AS 08.18.024(b)(2) and (3), enacted by sec. 3 of this Act, the Department of Commerce and Economic Development shall issue a residential contractor endorsement to a person who

(1) applies for an endorsement under this section by July 1, 1990;

(2) meets the requirements of AS 08.18.024(b)(1) and (6); and

(3) <sup>has been an active general contractor in Alaska for</sup> ~~actively engaged in the business of residential contracting for at least a total of three years~~ <sup>three of the last five years</sup> before applying for an endorsement under this section.

\* Sec. 12. This Act takes effect July 1, 1989.

**S B**

**81**

# Alaska State Legislature



SENATOR JIM DUNCAN

P. O. Box V    JUNEAU, ALASKA    99811-3100  
(907) 465-4766

COMMITTEES:  
FINANCE  
VICE CHAIR —  
HEALTH EDUCATION  
& SOCIAL SERVICES  
BUDGET & AUDIT  
BANKING &  
ECONOMIC  
DEVELOPMENT

## M E M O R A N D U M

TO:            Senator Paul Fischer, Chairman  
                Senate Health, Education and Social Services Committee

FROM:         Senator Jim Duncan

SUBJECT:      SSSB 81, An Act relating to education programs for  
                school children who are at risk of withdrawing from  
                school before high school graduation; and providing for  
                an effective date."

DATE:         March 24, 1989

I would appreciate your scheduling SSSB 81, a bill concerning the establishment of education programs for "at risk" youth, for a hearing before the Senate Health, Education and Social Services Committee at your earliest convenience.

This legislation will provide assistance to school districts who are experiencing difficulty with the number of students leaving the school system before graduation. School districts need some assistance to get this situation under control. It is my hope that the program proposed in SSSB 81 will provide that much needed assistance.

I have attached some supporting information which you may wish to include in the Committee's bill files.

I look forward to seeing SSSB 81 on your Committee calendar soon.

PROGRAMS FOR CHILDREN AT RISK OF LEAVING SCHOOL

" An Act relating to educational programs for school children who are at risk of withdrawing from school before graduation; and providing for an effective date. "

Section 1.

FINDINGS AND PURPOSE

While students may legally withdraw from high school at the age of 16 there are various reasons for students to dropout of high school before graduation. Among these are unsatisfactory educational experiences, discipline problems, truancy, and any number of family, health, and social problems.

As our society advances many of the advanced skills of yesterday are becoming standard requirements for employment in todays work force. In addition, most jobs will demand a level of basic skill that is seldom attained by students who have failed to finish high school. Opportunities in many jobs, the military, the post secondary educational system, and many industrial training programs are reduced or closed to those without a high school diploma. The lack of a high school diploma or its equivalent may consign students to a greater risk of unemployment or to a lifetime of low level jobs when their real ability is much higher.

This legislation requires the commissioner of education to collect and report information about the number of students withdrawing from school before graduation, and the reasons for their leaving. It also authorizes the Department of Education to direct state assistance to those school districts that develop and maintain successful remedial programs for students at risk of withdrawing from school before graduation.

Section 2. DEPARTMENT OF EDUCATION INFORMATION GATHERING

Requires the Department of Education to develop and implement a program to gather information from the districts about school students who withdraw from enrollment before high school graduation including the reasons for the students' withdraw. The department shall calculate and report its findings and may make recommendations to the State Board of Education and the Legislature for changes to the PROGRAMS FOR CHILDREN AT RISK OF LEAVING SCHOOL. In addition the department is required to administer the the child at risk program.

**Section 3. DISTRICTS TO REPORT DROPOUTS AND REASONS**

Adds a new section requiring each school district to report to the commissioner the number of students who dropout before graduation and the reasons for their withdraw. The commissioner shall then annually report the dropout rate for each district and for the state for kindergarten through grade 12. These rates are to be expressed as a percentage for each respective grade.

**Section 4. SCHOOL BOARD PLANS AND CRITERIA FOR CHILDREN AT RISK****ARTICLE 5A. PROGRAMS FOR CHILDREN AT RISK OF LEAVING SCHOOL**

This new article will require each school board to annually identify and account for those children at risk who are or should be enrolled in the district.

**THE CHILDREN AT RISK PLAN**

A school board may develop a plan to meet the needs of their children at risk. These plans must describe what steps school board will take to keep its children at risk in school until graduation. A plan may include curriculum modifications and alternative programs that meet the minimum course of study for public schools as prescribed by the Department of Education. These modifications and alternatives may include:

- (1) individual tutoring, individual and group remediation or other instructional strategies, with sufficient support services, to permit a student to benefit educationally from the instruction;
- (2) model alternative educational programs, including programs combining academic learning with a substantial employment or experience component;
- (3) collaborative efforts with other state and local agencies directed at helping a student to overcome problems that interfere with learning;
- (4) expanded use of guidance and career planning services and;
- (5) expanded use of counseling services, including peer discussion groups and intervention efforts.

In addition, if a district has had 50 or more dropouts or a dropout rate greater than 5% the district's secondary enrollment (grades 7-12) the school board shall submit a plan to the commissioner of education.

Plans must also describe how remedial instruction, parental involvement, and community support services will be used to meet the needs of children at risk in the district.

#### CHILDREN AT RISK GRANT FUND

The department may make grants from the children at risk grant account in the general fund. Grants are to be made to eligible school districts for a children at risk education program established with a children at risk plan. An application for a child at risk grant must include:

- (1) a copy of the school board's children at risk plan;
- (2) a proposed budget detailing the expenditure of all grant funds; and
- (3) an evaluation of the anticipated results of the children at risk program.

Among those districts otherwise eligible to receive a grant under for children at risk programs, the department shall first award grants to those districts who are required to develop and submit a plan as a result of an excessively high dropout rate.

#### CRITERIA FOR STATE AID

Districts will be entitled to receive additional children at risk grants if the department determines that in the previous school year the board's program for children at risk met at least three of the following criteria:

- (1) a retention rate of at least 70% the pupils enrolled in the program;
- (2) an attendance rate of at least 70% the pupils enrolled in the program;
- (3) graduation of 70% the seniors enrolled in the program;
- (4) at least 70% the pupils enrolled in the program received academic credit; or
- (5) the program maintained an average of at least one month of improvement in reading and mathematics performance for each month of instruction.

In addition, the department may withhold approval of a grant application if the commissioner has determined that the school board's existing children at risk program:

- (1) has not reduced the dropout rate for the district; or
- (2) does not provide substantial improvement in basic skills.

#### DEFINITIONS

"child at risk" means a secondary school student enrolled in a public school that a school board determines, under regulations of the department, is a student who

- (1) has withdrawn from enrollment in the district before graduation and has returned to complete graduation requirements; or
- (2) may withdraw before graduation because of
  - (a) family or social difficulties, personal health, or pregnancy;
  - (b) poor attendance;
  - (c) low achievement, as evidenced by being one or more years behind the students age group or grade in the number of credits attained or in basic skill levels, including reading and mathematics;
  - (d) low academic test scores;
  - (e) retention at a certain grade level;
  - (f) diminished self esteem and motivation.

"dropout" means a person under 18 years of age who is not attending school or participating in a correspondence program, continues to reside in the district, does not attend a vocational, technical, or adult education program, and has not graduated from high school.

"secondary school" includes grades seven through 12.

Section 5. DEPARTMENT TO REPORT ON ELEMENTARY DROPOUTS

A report and recommendations concerning withdrawals from elementary school by students in kindergarten through sixth grade shall be prepared by the Department of Education for the Board of Education and the Legislature. The recommendations in the report will include criteria to identify and programs to assist elementary students who are at risk of withdrawing from school before graduation from high school.

Section 6. TRANSITION PERIOD

A transition period is provided to allow the Commissioner to begin the collection of data, as required in Section 2, by October 1, 1989.

Section 7. EFFECTIVE DATE

The effective date of the Act would be July 1, 1989.



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

## ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE  
ANCHORAGE, ALASKA 99503  
(907) 274-0536

## JUNEAU OFFICE

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(907) 586-3090

## FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
(907) 456-4435

March 15, 1989

To: Senator Paul Fisher, Chair  
Members, Senate HESS Committee

Re: SB 81; "An Act relating to educational programs for school children who are at risk of withdrawing from school before high school graduation; and providing for an effective date."

NEA-Alaska strongly supports and encourages your favorable and expeditious action on SB 81.

This legislation addresses a serious need in Alaska schools; a need that was exemplified by the Governor's Interim Commission on Children and Youth; and a need that teachers and administrators can attest to all around Alaska: The difficulty of serving students and meeting the complex needs of those who are likely to drop out of school before graduation.

The legislation would require more systematic and accurate record-keeping on withdrawals and reasons for withdrawing from school. This alone would be a tremendous improvement over the current situation where records have been sketchy on the drop-out rate statewide.

It is clear to those of us in Alaska's classrooms and schools that we need to do things differently to meet the needs of students who have serious academic, social, or family problems. In almost all instances we know additional counseling services are needed, a modification of the traditional high school program is necessary, and most importantly the student who is a potential drop-out needs a more than average amount of quality time and treatment from at least one adult within the school setting. These additional services are not free but they are cost effective. The earlier we can intervene and provide assistance to students the better the chances that they will become productive members of society rather than law offenders or burdens on society.

The sponsor substitute for SB 81 is designed to address the need while maintaining costs at a minimal level. Providing one or two million dollars in this grant account is clearly not enough to address the magnitude of the problem. But it is a step in the right direction and ostensibly will provide funding for programs that are well designed and most needed.

It is important that this funding be supplemental to full foundation funding. If it is not, the problem would be two-fold; On the one hand, at risk students stay in school because of varied and diverse activities, programs, and offerings. Therefore, as schools must cut back on scope of offerings and services, more at risk youth are likely to drop out. On the other hand, a more obvious problem is that absent full funding any categorical aid is likely to be used to fill the gaps left by the cuts rather than move the district forward in addressing needs of at risk youth-- which is clearly the intention of the bill.


NEA and NEA-Alaska have been instrumental in the development of programs addressing the needs of at risk youth. We have also been involved in partially funding such programs through our Operation Rescue effort.

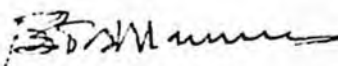
In Anchorage right now, a program written and promoted by the Anchorage Education Association is funded by federal, local and private sources. The guidelines and activities of the Anchorage Open Door Project are congruent with those outlined in Section 14.30.460 of this bill.

More projects of this nature, locally developed with broad based support, would be possible with the type of state funding provided in this bill.

We are grateful to the sponsors of S.B. 81 for filing this legislation and recognizing the problem and we are strongly supportive of its passage into law.

Respectfully submitted,

  
Judy Salo  
President

  
Robert C. Manners  
Executive Secretary

JS01/Sb81/dl

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: Educational Programs For School Children Who Are At Risk  
Sponsor: Duncan  
Requestor: Duncan

Agency Affected: Education  
BRU Education Finance & Support Services,  
Education Program Support  
Components: Basic Education,  
Data Management

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		117.6	117.6	117.6	117.6	117.6
TRAVEL		5.0	5.0	5.0	5.0	5.0
CONTRACTUAL		20.0	20.0	20.0	20.0	20.0
SUPPLIES		2.0	2.0	2.0	2.0	2.0
EQUIPMENT		11.2	1.0	1.0	1.0	1.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	155.3	145.6	145.6	145.6	145.6
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	-0-	155.8	145.6	145.6	145.6	145.6
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME		2	2	2	2	2
PART-TIME		1	1	1	1	1
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

SB 221 contains a \$1,000.0 appropriation for the grant program outlined within SS SB81.

Prepared by: Mary Hakala Phone: 465-2800  
Division: Commissioner's Office Date: 3/21/89  
Approved by Commissioner: William G. Demmert Date: 3/21/89  
Agency: Education

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impact Agency(ies)

DEPARTMENT OF EDUCATION

FISCAL NOTE ANALYSIS

Revised 3/21/89

SS SB 81: Education programs for school children who are at risk of withdrawing from school before graduation

Personal Services

1 FT Education Specialist, Office of Basic Education	\$61.5
1 FT Statistical Technician, Data Management Unit	41.1
1 PT Clerk Typist III	15.0
Subtotal	\$117.6

The Education Specialist in the Office of Basic Education will review and approve applications, provide technical assistance to school districts in program development and implementation, and monitor grantees for compliance once every three years. Data collection and reporting will be the function of the Statistical Technician in the Data Management Unit. The part time clerical position will provide necessary support functions including tracking of report requirements, correspondence, distribution of materials and information.

Travel

Technical assistance in program start-up including program development, accounting and record keeping systems; monitoring and evaluation functions. \$5.0

Contractual

Resource materials purchase and distribution costs, printing and distribution of reports, specialized computer programming needs for development of a student tracking system, specific inservice training opportunities for development of local programs and sharing of successes and approaches between school districts, audioconference meeting costs. \$20.0

Commodities

Supplies for staff positions. \$2.0

Equipment

1st year: Two computer work stations and equipment for positions \$11.2  
2nd & subsequent years: Minor equipment needs identified as reporting and tracking systems become operational \$1.0

Grants

A separate appropriation bill (SB 221) contains \$1,000.0 in grant funds for the program outlined within this legislation.

Position Title Education Specialist II		No. of Positions 1	Range/Step 21B	Barg. Unit GGU
Time Status FT	Staff Months 12.0	Location Juneau		Election District 4
<b>Justification</b>				
Position will review and approve applications, provide technical assistance to school districts in program development and implementation, and monitor grantees for compliance with grant requirements. In addition, position will serve as central coordinator for program efforts in the state and assist districts in pooling information and distribute information for successful practices and programs to districts throughout the state.				
<b>Type of Expenditure</b>		<b>Amount</b>		
1	2	3		
Salary	47.4			
Benefits	14.1			
Premium Pay				
Other				
Total Personal Services		61.5		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost				
<b>Funding Source for Total Cost</b>				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	61.5		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

**Request For  
New Position**

Agency Education  
 BRU Educational Program Support  
 Component Basic Education and  
Instructional Improvement

Page 3 of 5  
 Revised Date

**FY 90**

Position Title Clerk Typise III		No. of Positions 1	Range/Step 8B	Barg. Unit GGU
Time Status PT	Staff Months 6.0	Location Juneau		Election District 4
Type of Expenditure		Justification		
		The half-time clerical position will provide all necessary staff support for the Education Specialist and field inquiries from the public on the At-Risk program. Specific responsibilities will include tracking of report requirements, correspondence, distribution of materials and information, and response to general inquiries.		
Amount				
1	2	3		
Salary	10.1			
Benefits	4.9			
Premium Pay				
Other				
Total Personal Services		15.0		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost				
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	15.0		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

**Request For  
New Position**

Agency Education  
 BRU Educational Program Support  
 Component Basic Education and Instructional Improvement

**FY 90**

Position Title <b>Statistical Technician II</b>		No. of Positions 1	Range/Step i4B	Barg. Unit GGU
Time Status FT	Staff Months 12.0	Location Juneau	Election District 4	
		Justification		
Type of Expenditure		Amount		
1	2	3		
Salary	29.2			
Benefits	11.9			
Premium Pay				
Other				
Total Personal Services		41.1		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost				
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	41.1		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

The primary function of the Statistical Technician is to collect, compile and report data as required by the At-Risk legislation, including data on early withdrawal of students before graduation, program data and calculation of entitlement based on student data submitted to the departments.

**Request For  
New Position**

Agency Education  
 BRU Data Management & Processing  
 Component Data Management

Page 5 of 5  
 Revised Date

**FY 90**

## PROGRAMS FOR CHILDREN AT RISK OF LEAVING SCHOOL

" An Act relating to educational programs for school children who are at risk of withdrawing from school before graduation; and providing for an effective date. "

Section 1.

## FINDINGS AND PURPOSE

While students may legally withdraw high school at the age of 16 there are various reasons for students to dropout of high school before graduation. Among these are unsatisfactory educational experiences, discipline problems, truancy, and any number of family, health, and social problems.

As our society advances many of the advanced skills of yesterday are becoming standard requirements for employment in today's work force. In addition, most jobs will demand a level of basic skill that is seldom attained by students who have failed to finish high school. Opportunities in many jobs, the military, the post secondary educational system, and many industrial training programs are reduced or closed to those without a high school diploma. The lack of a high school diploma or its equivalent may consign students to a greater risk of unemployment or to a lifetime of low level jobs when their real ability is much higher.

This legislation requires the commissioner of education to collect and report information about the number of students withdrawing from school before graduation, and the reasons for their leaving. It also authorizes the Department of Education to direct state assistance to those school districts that develop and maintain successful remedial programs for students at risk of withdrawing from school before graduation.

Section 2. DEPARTMENT OF EDUCATION INFORMATION GATHERING

Requires the Department of Education to develop and implement a program to gather information from the districts about school students who withdraw from enrollment before high school graduation including the reasons for the students' withdraw. The department shall calculate and report its findings and may make recommendations to the State Board of Education and the Legislature for changes to the PROGRAMS FOR CHILDREN AT RISK OF LEAVING SCHOOL. In addition the department is required to manage and implement a financial support program for children at risk.

Section 3. CHILDREN AT RISK INSTRUCTIONAL UNITS

Amends 14.17.031 Allowable Instructional Units, by adding a reference to indicate that the number of units for child at risk educational programs as determined by application of Section 4.

Section 4. VALUE OF CHILDREN AT RISK INSTRUCTIONAL UNITS

A child enrolled in a child at risk program generates 0.025 instructional units if the child receives child at risk services and the program is entitled to receive funding under 14.30.480.

Section 5. DISTRICTS TO REPORT DROPOUTS AND REASONS

Adds a new section requiring each school district to report to the commissioner the number of students who dropout before graduation and the reasons for their withdraw. The commissioner shall then annually report the dropout rate for each district and for the state for kindergarten through grade 12. These rates are to be expressed as a percentage for each respective grade.

Section 6. SCHOOL BOARD PLANS AND CRITERIA FOR CHILDREN AT RISK

ARTICLE 5A. PROGRAMS FOR CHILDREN AT RISK OF LEAVING SCHOOL

This new article will require each school board to annually identify and account for those children at risk who are or should be enrolled in the district.

THE PLAN

A school board may develop a plan to meet the needs of their children at risk. These plans must describe what steps school board will take to keep its children at risk in school until graduation. A plan may include curriculum modifications and alternative programs that meet the minimum course of study for public schools as prescribed by the Department of Education. These modifications and alternatives may include:

- (1) individual tutoring, individual and group remediation or other instructional strategies;
- (2) programs combining academic learning with a strong employment or experience component;
- (3) collaborative efforts with other agencies working to overcome problems that interfere with learning;
- (4) expanded use of guidance and career planning services and;
- (5) expanded use of counseling services, including peer discussion groups and intervention efforts.

In addition, if a district has had 50 or more dropouts or a dropout rate greater than 5% of the district's secondary enrollment (grades 7-12) the school board shall submit a plan to the commissioner of education.

Plans must also describe how remedial instruction, parental involvement, and community support services will be used to meet the needs of children at risk in the district.

#### CRITERIA FOR STATE AID

Districts will be entitled to additional state aid if the commissioner determines that in the previous school year the district's program for children at risk meets at least three of the following criteria:

- (1) a retention rate of at least 70% of the pupils enrolled in the program;
- (2) an attendance rate of at least 70% of the pupils enrolled in the program;
- (3) graduation of 70% of the seniors enrolled in the program;
- (4) at least 70% of the pupils enrolled in the program received academic credit; or
- (5) the program maintained an average of at least one month of improvement in reading and mathematics performance for each month of instruction.

#### DEFINITIONS

"child at risk" means a secondary school student who

- (1) has dropped out of school before graduation and returned to complete graduation requirements; or
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  - family or social difficulties, personal health, or pregnancy;
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"dropout" means a child who is not attending school, continues to reside in the district, does not attend a vocational, technical, or adult education program, and has not graduated from high school.

"secondary school" includes grades seven through 12.

Section 7. DEPARTMENT REPORT ON ELEMENTARY DROPOUTS

A report and recommendations concerning withdrawals from school by elementary students in kindergarten through sixth grade shall be prepared by the Department of Education for the Board of Education and the Legislature. The recommendations in the report will include criteria to identify and programs to assist elementary students who are at risk of withdrawing from school before graduation from high school.

Section 8. TRANSITION PERIOD

A transition period is provided to allow the Commissioner to begin the collection of data, as required in Section 2, by October 1, 1989. And the districts applications for the 1989 school year will not be required to meet the successful program criteria from 14.30.480 (a) in Section 4.

Section 9. EFFECTIVE DATE

The effective date of the Act would be July 1, 1989.



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

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## FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
(907) 456-4435

March 15, 1989

To: Senator Paul Fisher, Chair  
Members, Senate HESS Committee

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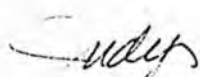
NEA and NEA-Alaska have been instrumental in the development of programs addressing the needs of at risk youth. We have also been involved in partially funding such programs through our Operation Rescue effort.

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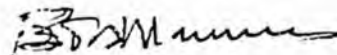
More projects of this nature, locally developed with broad based support, would be possible with the type of state funding provided in this bill.

We are grateful to the sponsors of S.B. 81 for filing this legislation and recognizing the problem and we are strongly supportive of its passage into law.

Respectfully submitted,



Judy Salo  
President



Robert C. Manners  
Executive Secretary

**S B**

**100**

# STATE OF ALASKA

## DEPARTMENT OF EDUCATION

STEVE COWPER, GOVERNOR

GOLDBELT PLACE  
601 WEST 10TH STREET  
P.O. BOX F  
JUNEAU, ALASKA 99811-0500

### Educational Finance and Support Services

February 15, 1989

Scott A. Burgess  
Executive Director  
Alaska Municipal League  
217 Second Street, Suite 200  
Juneau, Alaska 99801

Dear Mr. Burgess:

Pursuant to your request at the last CSHB 37 House Finance Subcommittee Hearing, attached are three spreadsheets showing the effects of section 19 of the bill. The calculations are based upon the following assumptions:

1. Debt retirement entitlements are from compilations accomplished on 1/13/89 and do not include the potential effects of debt retirement project approvals for which bonds have not yet been sold.
2. Our projection of "Health and Life Safety Priority Type #1" projects to be identified by the HB37 process assumed approximately \$13.5 million per year. The FY 90 Capital Improvement Program budget request includes over \$38 million in health and life safety projects. School district six year capital project plans include less than \$3 million per year for subsequent years. We believe it is reasonable to assume that about \$30 million from the current list will not be funded this year and will be requested again by district, and then "roll forward" and be scheduled into subsequent years. The actual priority #1 list could be greater than \$13.5 million without any effect on funds available for debt service.
3. Section 19 of CSHB 37 will be amended to adjust percentages one year later, so that FY 91 is the fiscal year using the 89% figure for debt and 11% figure for grants, and that this amendment will re-number subsequent years accordingly.

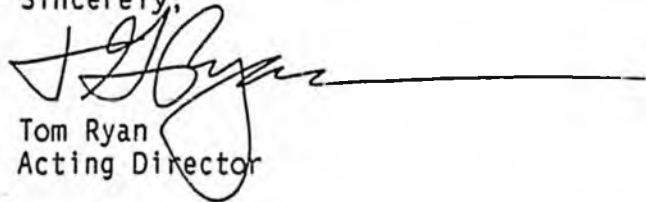
February 15, 1989

Section 19 does not apply if appropriations exceed a trigger amount. The columns in each spreadsheet show the consequent funding if the appropriation is short of the amount we estimate will be required to fund all priority #1 grant projects plus full debt retirement entitlement for that year. Projected reimbursement amounts (columns C, G, and E) and reduction amounts (columns D, F, and H) are shown for each appropriation level. The reimbursement calculation for block #C 11 for example, was computed thus: proportion of local entitlement to total entitlement (25,968.3/109,254.6) multiplied by the section 19 allocated share of the appropriation (.89 x 122,000) = 25,808.0. All amounts are shown in thousands.

For FY 91 the trigger amount is projected to be approximately \$123 million. Each spreadsheet shows the effect of appropriations at three levels: for FY 91: \$122 million, \$112 million, and \$102 million. These appropriation levels would be equivalent to prorations of entitlement at 99.4%, 91.2% and 83.1%, respectively.

Also attached is the 1/13/89 summary of outstanding state liability for debt retirement payments. If you have any questions about the projections please contact me at 465-2865.

Sincerely,



Tom Ryan  
Acting Director

cc: Representative C. E. Swackhammer  
Rena Bukovich  
Michael Gatti  
Kristin Lambert  
Judi Slajer  
Delbert Rexford  
Tom Boedeker  
Harry Purdy  
Lee Sharp  
All School Superintendents

	A	B	C	D	E	F	G	H
1			DEPARTMENT OF EDUCATION CSHB 37 SEC. 19 EFFECTS					
2	CS HB37		Projections	FY 1991			2/15/89	
3		STATEWIDE ENTITL=	109,254.6					
4		PROJ. PRIORITY #1 =	13,500.0					
5		SEC. 19 TRIGGER =	122,754.6					
6								
7		TOTAL APPROPRIATION						
8								
9	DISTRICT	FY 91 DEBT RET	REIMBURSEMENT	REDUCTION	REIMBURSEMENT	REDUCTION	REIMBURSEMENT	REDUCTION
10		FULL ENTITLEMENT	89% OF 122,000	0.62%	89% OF 112,000	8.76%	89% OF 102,000	16.91%
11	ANCHORAGE	25,968.3	25,808.0	160.3	23,692.6	2,275.7	21,577.1	4,391.2
12	BRISTOL BAY	375.1	372.8	2.3	342.2	32.9	311.7	63.4
13	FAIRBANKS	13,504.9	13,421.5	83.4	12,321.4	1,183.5	11,221.3	2,283.6
14	HAINES	90.9	90.3	0.6	82.9	8.0	75.5	15.4
15	JUNEAU	6,217.5	6,179.1	38.4	5,672.6	544.9	5,166.1	1,051.4
16	KENAI	25,187.3	25,031.8	155.5	22,980.0	2,207.3	20,928.2	4,259.1
17	KETCHIKAN	2,809.3	2,792.0	17.3	2,563.1	246.2	2,334.3	475.0
18	KODIAK	2,617.2	2,601.0	16.2	2,387.8	229.4	2,174.6	442.6
19	MAT-SU	20,941.0	20,811.7	129.3	19,105.8	1,835.2	17,399.9	3,541.1
20	NOME	761.2	756.5	4.7	694.5	66.7	632.5	128.7
21	NORTH SLOPE	3,894.1	3,870.1	24.0	3,552.8	341.3	3,235.6	658.5
22	PETERSBURG	677.4	673.2	4.2	618.0	59.4	562.9	114.5
23	SITKA	2,123.5	2,110.4	13.1	1,937.4	186.1	1,764.4	359.1
24	UNALASKA	93.0	92.4	0.6	84.8	8.2	77.3	15.7
25	VALDEZ	3,004.7	2,986.1	18.6	2,741.4	263.3	2,496.6	508.1
26	WRANGELL	989.2	983.1	6.1	902.5	86.7	821.9	167.3
27	TOTALS	109,254.6	108,580.0	674.6	99,680.0	9,574.6	90,780.0	18,474.6
28		% OF ENTITLEMENT=	99.38%	0.62%	91.24%	8.76%	83.09%	16.91%
29	GRANTS 11%							
30	HEALTH &	LIFE SAFETY	13,420.0		12,320.0		11,220.0	

BASED UPON 1/13/89 DEBT DATA AND 8-1-88 6-YEAR CIP

	A	B	C	D	E	F	G	H
1			DEPARTMENT OF EDUCATION CSHB 37 SEC. 19 EFFECTS					
2	CS HB37		Projections	FY 1992			2/14/89	
3		STATEWIDE ENTITL =	106226.5					
4		PROJ. PRIORITY #1 =	13577.3					
5		SEC. 19 TRIGGER =	119,803.8					
6								
7		TOTAL APPROPRIATION						
8								
9	DISTRICT	FY 92 DISTRICT	REIMBURSEMENT	REDUCTION	REIMBURSEMENT	REDUCTION	REIMBURSEMENT	REDUCTION
10		FULL ENTITLEMENT	87% OF 119,000.0	2.54%	87% OF 109,000	10.73%	87% OF 99,000.0	18.92%
11	ANCHORAGE	25,789.8	25,135.1	654.7	23,022.9	2,766.9	20,910.7	4,879.1
12	BRISTOL BAY	376.4	366.8	9.6	336.0	40.4	305.2	71.2
13	FAIRBANKS	13,343.6	13,004.9	338.7	11,912.0	1,431.6	10,819.2	2,524.4
14	HAINES	91.2	88.9	2.3	81.4	9.8	73.9	17.3
15	JUNEAU	6,196.7	6,039.4	157.3	5,531.9	664.8	5,024.4	1,172.3
16	KENAI	23,269.2	22,678.5	590.7	20,772.8	2,496.4	18,867.0	4,402.2
17	KETCHIKAN	2,826.8	2,755.0	71.8	2,523.5	303.3	2,292.0	534.8
18	KODIAK	2,546.8	2,482.2	64.6	2,273.6	273.2	2,065.0	481.8
19	MAT-SU	20,997.6	20,464.6	533.0	18,744.9	2,252.7	17,025.2	3,972.4
20	NOME	727.9	709.4	18.5	649.8	78.1	590.2	137.7
21	NORTH SLOPE	3,453.8	3,366.1	87.7	3,083.3	370.5	2,800.4	653.4
22	PETERSBURG	566.0	551.6	14.4	505.3	60.7	458.9	107.1
23	SITKA	2,063.4	2,011.0	52.4	1,842.0	221.4	1,673.0	390.4
24	UNALASKA	89.7	87.4	2.3	80.1	9.6	72.7	17.0
25	VALDEZ	2,899.4	2,825.8	73.6	2,588.3	311.1	2,350.9	548.5
26	WRANGELL	988.2	963.1	25.1	882.2	106.0	801.2	187.0
27	TOTALS	106,226.5	103,530.0	2,696.5	94,830.0	11,396.5	86,130.0	20,096.5
28		% OF ENTITLEMENT =	97.46%	2.54%	89.27%	10.73%	81.08%	18.92%
29	GRANTS 13%							
30	HEALTH &	LIFE SAFETY	13,577.3		13,577.3		12,870.0	
31	UNHOUSED	STUDENT	1,892.7		592.7		0	

BASED UPON 1/13/89 DEBT DATA AND 8/1/88 6YR CIP

	A	B	C	D	E	F	G	H
1			DEPARTMENT OF EDUCATION CSHB37 SEC. 19 EFFECTS					
2	CS HB37		Projections	FY 1993			2/15/89	
3		TOTAL ENTITLEM =	97,945.0					
4		PROJ. PRIORITY #1 =	13,500.0					
5		SEC. 19 TRIGGER =	111,445.0					
6								
7		TOTAL APPROPRIATION						
8								
9	DISTRICT	FY 93 DEBT RET	REIMBURSEMENT	REDUCTION	REIMBURSEMENT	REDUCTION	REIMBURSEMENT	REDUCTION
10		ENTITLEMENT	85% OF 111,000.0	3.67%	85% OF 101,000.0	12.35%	85% OF 91,000.0	21.03%
11	ANCHORAGE	25,316.6	24,387.4	929.2	22,190.3	3,126.3	19,993.3	5,523.3
12	BRISTOL BAY	372.1	358.4	13.7	326.2	45.9	293.9	78.2
13	FAIRBANKS	12,456.0	11,998.8	457.2	10,917.8	1,538.2	9,836.9	2,619.1
14	HAINES	91.1	87.8	3.3	79.9	11.2	71.9	19.2
15	JUNEAU	4,514.5	4,348.8	165.7	3,957.0	557.5	3,565.2	949.3
16	KENAI	22,518.1	21,691.6	826.5	19,737.4	2,780.7	17,783.2	4,734.9
17	KETCHIKAN	2,835.5	2,731.4	104.1	2,485.4	350.1	2,239.3	596.2
18	KODIAK	2,480.5	2,389.5	91.0	2,174.2	306.3	1,958.9	521.6
19	MAT-SU	20,177.1	19,436.5	740.6	17,685.5	2,491.6	15,934.4	4,242.7
20	NOME	692.9	667.5	25.4	607.3	85.6	547.2	145.7
21	NORTH SLOPE	0.0	0.0	0.0	0.0	0.0	0.0	0.0
22	PETERSBURG	551.1	530.9	20.2	483.0	68.1	435.2	115.9
23	SITKA	1,967.2	1,895.0	72.2	1,724.3	242.9	1,553.6	413.6
24	UNALASKA	91.1	87.8	3.3	79.9	11.2	71.9	19.2
25	VALDEZ	2,894.9	2,788.6	106.3	2,537.4	357.5	2,286.2	608.7
26	WRANGELL	986.3	950.1	36.2	864.5	121.8	778.9	207.4
27	TOTALS	97,945.0	94,350.0	3,595.0	85,850.0	12,095.0	77,350.0	20,595.0
28		%OF ENTITLEMENT =	96.33%	3.67%	87.65%	12.35%	78.97%	11.03%
29	GRANTS 15%							
30	HEALTH &	LIFE SAFETY	13,500.0		13,500.0		13,500.0	
31	UNHOUSED	STUDENTS	3,150.0		1,650.0		150.0	

BASED UPON 1/13/89 DEBT DATA AND 8/1/88 6YR CIP



STATEWIDE SUMMARY SHEET (CEBI RETIREMENT)  
 WITH OUTSTANDING STATE LIABILITY  
 • UPDATED 1/13/89

STATE PAYMENT YEAR	ANCHORAGE TOTAL LIABILITY	BRISTOL BAY TOTAL LIABILITY	FAIRBANKS TOTAL LIABILITY	HAINES TOTAL LIABILITY	JUNEAU TOTAL LIABILITY	KENAI TOTAL LIABILITY	KETCHIKAN TOTAL LIABILITY	KODIAK TOTAL LIABILITY	MAT-SU TOTAL LIABILITY	NOME TOTAL LIABILITY	NORTH SLOPE TOTAL LIABILITY	PETERSBURG TOTAL LIABILITY	SITKA TOTAL LIABILITY	UNALASKA TOTAL LIABILITY	VALDEZ TOTAL LIABILITY	WRANGELL TOTAL LIABILITY	TOTAL STATEWIDE LIABILITY	STATE PAYMENT YEAR
1989	\$24,776,717	\$379,440	\$16,376,933	\$24,498	\$6,351,202	\$22,770,063	\$2,803,060	\$4,915,012	\$20,972,029	\$846,651	\$8,526,700	\$721,136	\$2,353,452	\$74,334	\$3,117,206	\$1,004,881	\$116,104,314	1989
1990	\$24,758,093	\$377,640	\$14,326,443	\$90,208	\$6,226,212	\$24,434,528	\$2,797,333	\$3,244,392	\$20,886,539	\$793,411	\$7,175,408	\$697,053	\$2,253,806	\$91,499	\$3,020,212	\$997,849	\$112,170,626	1990
1991	\$25,968,324	\$375,120	\$13,504,922	\$90,853	\$6,217,456	\$25,187,337	\$2,809,283	\$2,617,228	\$20,941,043	\$761,194	\$3,894,062	\$677,387	\$2,123,493	\$92,961	\$3,004,721	\$989,182	\$109,254,566	1991
1992	\$25,789,779	\$376,380	\$13,343,551	\$91,163	\$6,196,655	\$23,269,178	\$2,826,824	\$2,546,795	\$20,997,653	\$727,885	\$3,453,823	\$566,002	\$2,063,437	\$89,721	\$2,899,437	\$988,190	\$106,226,473	1992
1993	\$25,316,620	\$372,060	\$12,456,062	\$91,138	\$4,514,482	\$22,518,083	\$2,835,494	\$2,480,506	\$20,177,095	\$692,937		\$551,068	\$1,967,180	\$91,123	\$2,894,895	\$986,291	\$97,945,034	1993
1994	\$28,706,852	\$371,520	\$12,208,931	\$90,738	\$1,295,486	\$12,417,716	\$2,853,074	\$2,418,300	\$17,871,172	\$656,898		\$534,684	\$1,634,530	\$92,502	\$2,790,837	\$985,236	\$84,928,476	1994
1995	\$27,365,251	\$369,900	\$10,509,639		\$808,624	\$9,826,962	\$431,115	\$2,351,262	\$17,708,785	\$620,313		\$516,767	\$1,536,022	\$89,184	\$2,774,490	\$987,869	\$75,896,183	1995
1996	\$24,465,241	\$367,200	\$7,868,356		\$811,786	\$7,979,896	\$429,644	\$1,945,923	\$12,896,932	\$583,181		\$502,284	\$1,474,667	\$90,126	\$2,052,169	\$988,737	\$62,456,142	1996
1997	\$11,940,980	\$367,920	\$7,745,690		\$759,570	\$7,978,776	\$431,788	\$1,106,533	\$5,555,747			\$481,400		\$90,653	\$1,983,328	\$991,631	\$39,426,016	1997
1998	\$11,059,407	\$362,700	\$7,689,502		\$758,565	\$7,980,616	\$205,000	\$1,106,280	\$4,859,708			\$463,950		\$90,720	\$1,677,880	\$996,091	\$37,250,419	1998
1999	\$11,018,855	\$365,400	\$7,597,399		\$70,418	\$7,981,344		\$1,105,200	\$4,777,916					\$90,360	\$1,684,295	\$1,005,015	\$35,696,183	1999
2000	\$3,907,920	\$361,800	\$6,872,680		\$67,106	\$7,980,768		\$1,099,440	\$4,231,260					\$89,640	\$1,682,580	\$1,002,772	\$27,295,966	2000
2001	\$3,182,784	\$356,760	\$4,276,625		\$63,794	\$7,978,240		\$1,097,640	\$3,728,880					\$92,880	\$1,667,600	\$1,001,202	\$23,446,405	2001
2002		\$354,780	\$4,317,705		\$66,701			\$1,094,760	\$1,754,190					\$91,080	\$1,562,813	\$865,888	\$10,107,917	2002
2003			\$4,341,235		\$69,054			\$1,090,440						\$88,920		\$871,048	\$6,460,697	2003
2004			\$4,407,005		\$64,639											\$863,190	\$5,334,834	2004
2005			\$4,451,925		\$66,441											\$749,858	\$5,268,224	2005
2006			\$4,494,350		\$67,690												\$4,562,040	2006
2007			\$2,579,300														\$2,579,300	2007
2008			\$2,616,900														\$2,616,900	2008
2009																	\$0	2009
2010																	\$0	2010
2011																	\$0	2011
2012																	\$0	2012
2013																	\$0	2013
2014																	\$0	2014
2015																	\$0	2015
2016																	\$0	2016
2017																	\$0	2017
2018																	\$0	2018
2019																	\$0	2019
TOTAL	\$248,256,803	\$5,158,620	\$161,985,153	\$548,598	\$34,475,881	\$188,303,507	\$18,422,615	\$30,220,711	\$177,358,949	\$5,682,470	\$23,049,993	\$5,711,731	\$15,406,587	\$1,365,703	\$32,812,463	\$16,276,930	\$965,036,714	

# Alaska State Legislature

Senator Paul Fischer  
Senate District D  
Box 784  
Soldotna, Alaska 99669  
(907) 262-9420 W  
262-8269



## State Senate

While in Juneau  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-3791

March 8, 1989

Leland L. Dishman, Superintendent  
Copper River School District  
Box 108  
Glennallen, Alaska 99588

Dear Mr. Dishman:

Thank you for sending me a copy of the letter you wrote to Representative Swackhammer regarding House Bill 37, "An act relating to insurance for school facilities and equipment and state aid for school construction." I will take your stand on this issue into consideration as HB 37 comes before me.

Currently the bill is in the House Health, Education and Social Service Committee, and has not yet been scheduled for a hearing. It has a further referral to the House Finance Committee.

Thanks again for your letter. I appreciate you taking the time to write. If I may assist you in the future, please don't hesitate to let me know.

Cordially,

*Paul*

Senator Paul A. Fischer

FAF/mc

*PS - SB 100 - will be addressed next week.*

*Davis, put in Senator's Bill file for SB 100 mc*

# Alaska State Legislature

SB 102

Senator Paul Fischer  
Senate District D  
Box 784  
Soldotna, Alaska 99669  
(907) 262-9420 W  
262-9269



## State Senate

While in Juneau  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-3791

March 2, 1989

William Fairall, Superintendent  
Cordova Public Schools  
Box 140  
Cordova, Alaska 99574

Dear William:

Thank you for your letter and preliminary architectural survey of Mt. Eccles Elementary School.

I appreciate the information which I will make use of when reviewing the Governor's FY90 Capital Improvements Budget.

Thanks again. If I may assist you in the future, please don't hesitate to let me know.

Cordially,

A handwritten signature in cursive script that reads "Paul Fischer".

Senator Paul A. Fischer

PAF/mc

# CORDOVA PUBLIC SCHOOLS

BOX 140

CORDOVA, ALASKA 99574

PHONE: (907) 424-3265 OR 424-3292

FEB 24 1989

February 22, 1989

Senator Paul Fischer  
Alaska State Legislature  
PO Box V  
Juneau, AK 99811


Dear Senator Fischer,

Attached please find a preliminary architectural survey of the Mt. Eccles Elementary School. Additional and more detailed information will follow. The upgrade of Cordova's only elementary school is currently listed as number thirty-three in the FY90 Capital Improvements Budget request that has been submitted to the Governor.

Outlined in the letter from Minch\*Ritter\*Forrest are numerous deficiencies that must be addressed if this facility is to continue to function.

Please do as much as possible to place this project as a top priority for funding. It is a situation of dire need.

Sincerely,



William Fairall  
Superintendent

WF/tb

cc: Governor Steve Cowper  
Dept. of Education

# MRF

MINCH•RITTER•FORREST ARCHITECTS PC • 800 GLACIER AVE. SUITE A • JUNEAU, ALASKA 99801 • (907) 586-1371

February 20, 1989

8901L01

Cordova Public Schools  
P.O. Box 140  
Cordova, Alaska 99574

Attention: Bill Fairall, Superintendent

Subject: Mt Eccles Elementary School  
Facility Survey and Options Analysis  
MRF 8901

It was a pleasure meeting with you and the staff of Mt Eccles School last week. We have received the additional educational testing results you sent on Friday.

This office, the educational facilities specialist, asbestos specialist, and the structural, mechanical and electrical engineers have each completed a preliminary review of the gathered data.

Our preliminary conclusions are:

1. There are significant amounts of friable asbestos in the building.
2. The roof and foundation are in good condition.
3. The structural frame is in good condition but does not appear to be designed for currently accepted seismic considerations.
4. The exterior walls are in very poor condition.
5. The building does not meet current fire codes.
6. The building is not handicapped accessible.
7. The mechanical systems are in poor condition.
8. The electrical systems are in poor condition.
9. The general classroom space is adequate but no room for growth is available.

Bill Fairall  
February 20, 1989  
MRF 8901

10. The special classrooms and educational support spaces are inadequate.
11. The site offers little room for outdoor activities and no room for growth.
12. The entire facility has reached the end of its economic life.

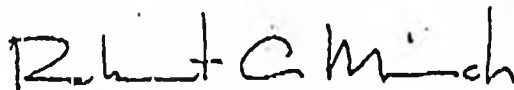
The following options have been identified:

1. Repair only those items in desperate need and remove the asbestos in the boiler room. Repair and/or replace those systems and portions of the building as they fail.
2. Perform a major technical rehabilitation of the existing facility, remove all the asbestos, and renovate the facility to like new condition and current building standards. No new space would be created under this scenario. Reorganization or remodel of the existing configuration would occur only to the extent that it added no cost to the project.
3. Perform a major rehabilitation of the building, remove all asbestos, remodel all spaces to accommodate the existing educational program and add facilities on the nearby city owned site to provide a complete educational facility.
4. Demolish the existing building and rebuild on the existing site.
5. Build a new building on a new site.

We are currently working on our draft report and expect to deliver it for your review March 2nd as scheduled.

Best regards,

MINCH RITTER FORREST ARCHITECTS



Robert A. Minch AIA

# Alaska State Legislature

Senator Paul Fischer  
Senate District D  
Box 784  
Soldotna, Alaska 99669  
(907) 262-9420 W  
262-9269



## State Senate

While in Juneau  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-3791

*File with  
SB 100 (Doc)*

February 27, 1989

John E. Coffee  
Educational Planner  
South East Regional Resource Center  
210 Ferry Way, Suite 200  
Juneau, Alaska 99801

Dear John:

Thank you for your letter and resolution regarding House Bill 37, "An act relating to insurance for school facilities and equipment and state aid for school construction." I will take your resolution into consideration at such a time as this legislation comes before me.

Currently, HB37 is in the House Health, Education and Social Service Committee, chaired by Representative Johnny Ellis. Its second committee of referral is in the House Finance Committee. The bill has not yet been scheduled for a hearing.

For your information, there is a companion piece of legislation in the Senate. Senate Bill 100, by Senators Sturgulewski and Pearce. That bill is in the Senate Health, Education and Social Service Committee, chaired by myself. It also has a referral to the Senate Finance Committee.

Thanks again for your letter and the Resolution. If I may assist you in the future, please don't hesitate to let me know.

Cordially,

*Paul*

Senator Paul A. Fischer  
PAF/mc

Copper River Schools  
Box 108  
Glennallen, AK 99588

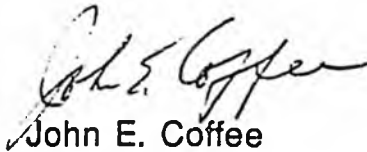
FEB 22 1989

February 21, 1989

Dear Legislator:

I have enclosed a copy of a Copper River School District position paper on House Bill 37 and the need to complete construction of Glennallen Secondary School. Your support of this project will be appreciated.

Sincerely,



John E. Coffee  
Educational Planner  
South East Regional Resource Center  
210 Ferry Way, Suite 200  
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JC/dec

# Copper River School District



Superintendent's Office  
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## POSITION PAPER-SCHOOL CAPITAL CONSTRUCTION FUNDING

Copper River School District supports House Bill 37 which addresses many school construction issues including debt containment. In particular, House Bill 37 calls for FY'90 school construction funds to be used as follows:

- 89%-for retirement of school construction debt
- 11%-a grant account to fund school health/life safety projects

The grant account gradually becomes a larger percentage over the next decade until it reaches 62% of the total in FY'99. We feel this is a good long range plan. However, as HB 37 is now written, a few substantially completed school projects will remain unfinished. All are highly rated projects that have received large financial commitments from the State in recent years, but due to cost where phased.

Special attention needs to be given this legislative session to those projects that are planned, partially constructed and have only a final phase to complete. Only projects in Glennallen, Thorne Bay and Mountain Village fit this description. We suggest a two-year window be built into HB. 37 whereby funds to complete these schools would be made available out of the grant account in FY'90 and FY'91. \$10,500,000 is required to complete these projects, which the State has an obligation to finish.

Our District's Glennallen Secondary School is two-thirds complete. A final phase of classrooms and vocational facilities remains to be funded and constructed. State funding has supported this project regularly since 1984.

### Facts about the Glennallen Secondary School Project:

#### •Funding History

FY'84	\$1,000,000	design and site development
FY'86	\$3,000,000	phase I construction
FY'87	\$2,500,000	phase II construction
FY'88	\$ 100,000	<u>phase II construction</u>
	\$6,600,000	total State commitment

#### •Construction Cost

48,850 square feet of educational space has been constructed in phases I and II. Total project

cost has been just under \$140. per square foot. In addition to State funding, over \$200,000 in interest funds have helped to pay for this project. This has been a model construction project with virtually no change orders (under \$20,000.). These phases have included general classroom space, the library, multi-purpose areas, business education classroom and supplementary spaces. This construction now ends and is sealed off at a point where Phase III will be added to complete the school.

•Phase III Needs & Costs

24,929 square feet of educational space needs to be constructed to complete the school. Even though phases I & II are fully operational there is an extreme need for classroom space, much of it specialized space. Exact spaces needed:

Secondary classrooms -2,800 sq. ft.  
Science classrooms -3,200 sq. ft.  
Vocational education facilities -8,800 sq. ft.  
(Automotive, welding, computer facilities, etc.)

Completion of business education facility-  
1,400 sq. ft.  
Home economics facility-2,200 sq. ft.  
Supplementary spaces- 6,529 sq. ft.

Phase III cost will be \$4,337,646. Total project cost for phase III should be just under \$175. per square foot. Specialized facilities account for the somewhat higher square foot cost of phase III along with increased mobilization costs since the contractor has left the site.

It is our position that consideration should be given to setting aside a portion of grant account funds in HB. 37 to insure completion of partially finished school projects to which substantial amounts of State funding has already been devoted. The problem would be solved if this could be done for FY '90 and, possibly FY '91. Projects, such as our Glennallen Secondary School Project, which are over 50% complete, should be finished before new school projects are begun.



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

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March 6, 1989

To: Senator Paul Fischer, Chair  
Members, Senate HESS Committee

Re: Senate Bill No. 100; "An Act relating to insurance for school facilities and equipment and state aid for school construction; and providing for an effective date."

NEA-Alaska supports and encourages your expeditious attention to SB 100.

It provides for a fair, equitable, and orderly procedure and process which is essential in determining priorities for school construction costs. For far too long Alaska has needed such a systematic approach.

The requirement that each district develop a 6-year capital improvement plan is commendable in that it will raise a consciousness which is essential to more effective planning and use of limited financial resources. The Legislature and Administration will have a more dynamic and reliable data base relative to statewide needs as a result of this legislation. It should help to remove critical school construction and capital improvement needs from the political process.

The appeals procedure is another highly commendable component of the bill in that it provides each district an opportunity to have a comprehensive review of an adverse determination. Further, its presence in the process will only serve to build needed confidence in this new approach.

Thank you for your consideration of our position.

Respectfully submitted,


Bob Manners  
Executive Secretary

# Alaska MUNICIPAL League

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217 SECOND STREET, SUITE 200  
JUNEAU, ALASKA 99801

TO: Senator Paul Fischer, Chair  
Members of Senate Committee on Health,  
Education, and Social Services

FROM: Scott A. Burgess, Executive Director 

DATE: March 13, 1989

SUBJECT: SB 100 - School Construction Grant Program

The Alaska Municipal League supports legislation establishing a system of financing all school construction by grants as one of its seven legislative priorities for 1989. This position is contained in AML's Municipal Platform. In general, AML supports SB 100, which incorporates the basic concepts of the AML position on changes to the state school construction programs.

AML represents large and small municipalities with school powers and municipalities within Rural Education Attendance Areas (REAA's). The State and municipalities with school powers are responsible for the cost of education. In order to 1) ensure that SB 100 and its House companion, HB 37, meet the goals of good public policy and the State's responsibilities for education fairly and 2) assist in the passage of legislation accomplishing the goals of SB 100, the Alaska Municipal League created the AML Task Force on HB 37/SB 100.

The AML Task Force members are:

Michael Gatti, Chair, AML Legislative Committee and Matanuska-Sustina Borough Attorney  
Tom Boedeker, AML Legislative Committee and Kenai Peninsula Borough Attorney  
Kristin Lambert, AML Board and Soldotna City Council Member  
Harry Purdy, AML Board and Galena City Council Member  
Delbert Rexford, AML President and North Slope Borough Assemblyperson  
Lee Sharp, AML Legislative Committee and Attorney, Preston, Thorgrimson, Ellis & Holman  
Judi Slajer, AML Legislative Committee and Chief Fiscal Officer, Fairbanks North Star Borough

The Task Force has held several meetings to review the concepts and specific provisions of SB 100 and HB 37 and their impacts on municipalities and school districts. Members of the Task Force have been working closely with Representative Swackhammer, sponsor of HB 37, and with members of the House HESS Subcommittee that has been considering the bill. They hope to be able

to work just as closely with the Senate and its committees as they review this important legislation and work toward a solution to the problem of financing school construction in Alaska. The following comments are offered as constructive suggestions in support of the bill.

In reviewing the bills, the Task Force concentrated its review and offers comments in five major areas:

1. Interrelationship of municipalities and school districts
2. Finance and Section 19
3. Criteria for project evaluation
4. The appeals process
5. Insurance

#### INTERRELATIONSHIP OF MUNICIPALITIES AND SCHOOL DISTRICTS

Because A.S. 14.14.060 gives the borough the responsibility for site selection, final plan approval, and construction, the borough needs to be involved in the grant application, appeal, and grant execution process. We recommend that the process established under A.S. 14.11.010 be used for the new grant program.

Alaska Statute 14.14.060(f) provides that the borough is to provide for all major repair, rehabilitation, and construction of school buildings with consideration of the recommendations of the school board. A.S. 14.14.060(e) provides for school board control of the selection of the architect and design of the school with the assembly having the final approval or disapproval of those decisions. A.S. 14.14.065 provides that a city council in a city school district has the same powers relative to its school district and school board as those just described for the borough.

Alaska Statute 14.11.010 currently gives the assembly or council in a municipal school district (and the school board in an REAA) authority to request construction projects from the Department of Education. This is the current cash grant program. In a municipal district it is the assembly or council, and not the school board, that has the statutory authority to make the request. Under SB 100, this section would be repealed. (It would be restored in 1993 as A.S. 14.11.009 -- see Section 7 of SB 100.) The other sections of SB 100 give the school district the responsibility to submit requests for new school construction, to appeal priority decisions, and to enter into grant agreements with the State. Boroughs and cities that are school districts are completely eliminated from the grant application/grant execution phase of the school construction process.

Because A.S. 14.14.060 gives the borough the responsibility for site selection, final plan approval, and construction, the borough needs to be involved in the grant application, appeal, and grant execution process. We recommend that the process established under A.S. 14.11.010 be used for the

new grant program. This would require that where the word "district" appears in the bill, the context be reviewed and the word changed to "the assembly or council of a municipality that is a school district or a regional school board" or something similar where it is needed to bring the assembly or council (the body that must levy the taxes) back into the planning/grant/construction loop.

FINANCE AND SECTION 19

*"Predicts short funding"*

The AML recommends that the formula for apportioning funds for debt reimbursement and the construction grant program proposed in Section 19 of the bill be reevaluated. The Task Force has devoted a lot of time to this question and is continuing to work with interested parties to develop an equitable approach to allocation of funds for school construction. It does not yet have a final recommendation on this issue.

Our analysis of the apportionment that would result from an application of the formula proposed by Section 19 is that it may not be what the sponsor or the Legislature intends. Just looking at the way the percentages change over time, one assumes that Priority 1 school projects will become more and more important as the years progress as compared to the obligation of the State to honor its commitment to municipalities for debt reimbursement. For example, if an apportionment were necessary in 1990, municipalities would receive 89% of the funds available, while in the year 1999 they would receive only 38% of the funds available. Why is debt reimbursement considered a less important obligation in 1999 than in 1990?

The major defect in the allocation formula can be demonstrated from the following six examples. The first line in each example gives the amount required for full funding of both Priority 1 construction needs and debt reimbursement. The second line shows one of the funds being underfunded so that the proposed allocation formula is triggered. The third line shows how the total amount available for the two funds is allocated between the two funds using the allocation ratio shown.

Hypothetical Examples  
of the  
Proposed Allocation Program Under Section 19  
(in \$ millions)

	<u>Priority 1</u>	<u>Debt Reimbursement</u>	<u>Total</u>
1. Need	10	100	110
Appropriation	10	99	109
Allocation 11/89	11.99	97.01	

Hypothetical Examples of Section 19 Allocations (cont.)

2. Need	20	100	120
Appropriation	19	100	119
Allocation 11/89	13.09	105.91	
3. Need	30	100	130
Appropriation	29	100	129
Allocation 11/89	14.19	114.81	
4. Need	10	100	110
Appropriation	10	99	109
Allocation 29/71	31.61	77.39	
5. Need	15	50	65
Appropriation	15	45	60
Allocation 29/71	17.4	42.6	
6. Need	20	20	40
Appropriation	19	19	38
Allocation 62/38	23.56	14.44	

Note in Example 1 that Priority 1 needs are fully funded, and debt reimbursement is only 1% underfunded. Yet, after the allocation, debt reimbursement is underfunded by 3% and Priority 1 projects are overfunded by almost 20% of need. In Examples 2 and 3, the situation reverses itself and becomes more extreme. Here, the debt reimbursement fund is fully funded while the Priority 1 projects are very slightly underfunded. Note that after the allocation, the Priority 1 projects are even further underfunded, while the debt reimbursement is overfunded. In fact, in Example 3, the Priority 1 projects are underfunded by only about 3% before the allocation and are underfunded by over 50% after the allocation. Under the language in proposed A.S. 14.11.127(b) (in Sec. 19 of the bill) the excess in the debt reimbursement fund would not be transferred to the grant account because such a transfer occurs only when the amount appropriated exceeds the requirements. Here the excess arises out of the reallocation, not an excess appropriation.

In Example 4, while the Priority 1 projects are fully funded and debt reimbursement is only 1% short, after the reallocation the Priority 1 projects have over three times as much money as needed, while debt reimbursement is suffering a shortage of about 23%. Examples 5 and 6 are just additional examples of what happens at different needs ratios and different allocations. Note, in all cases, after applying the allocation formula one of the funds is overfunded, sometimes grossly so, as in Example 4, and the other is underfunded.

Municipalities that have financed local school construction through local debt have done so with the statutory promise from the state that 80% or 90%

of the debt service would be reimbursed. With this assurance confirmed by the state-required notation on the ballot measure, municipal voters have supported assisting the State with its responsibility to provide school facilities with local debt, requiring local tax revenues, for schools rather than for other needed local services. Now they need to be assured in this legislation that the State is going to meet its obligation in which they placed their faith and trust when they took the irreversible step of issuing school debt.

The AML Task Force is continuing to discuss Section 19 and develop an alternative to the proposed Section 19 that 1) protects existing debt reimbursement funding, 2) provides funding for future school construction needs, 3) emphasizes the priority funding mechanism proposed, and 4) encourages cooperative support among all municipalities, school districts, the administration and the legislature for adequate funding of necessary school construction.

#### CRITERIA FOR PROJECT EVALUATION

Determination of the evaluation criteria to implement this bill should be left primarily to the regulations developed by the Department of Education. However, in two areas the Task Force believes there are important enough policy issues that language addressing them should be included in the bill or statute. These deal with 1) not including the number of students in the priority criteria and 2) directing the Department of Education to include the district rankings in their evaluation process to the extent possible. The Task Force understands that a subcommittee of the Education Coalition is reviewing the evaluation criteria and will finalize its recommendations for action March 1. The Task Force has seen the subcommittee's draft and will comment on the final recommendations when they are available.

The most important change to enact in the language of the legislation is to make numbers of students NOT a criteria in making priority rankings. A simple example, provided by John Dahlgren, Executive Director of Planning, Operations, and Technology at the Kenai Peninsula School District, shows how it works in practice. Three typical projects needed in the Kenai district were ranked by Department of Education in exactly the reverse order of the district's priorities based only on the numbers of students affected. Although these Priority Six items were far from being funded, they illustrate the problem. District rankings were #1 - Tyonek remodel of vocational shop, #2 - Homer remodel of shop from high school to junior high, #3 - Soldotna High School acoustical curtain above the gym. The DOE rankings were #1 - SoHi because it served 900 kids, #2 - Homer because it served 200 kids, and #3 - Tyonek because it served only 100 kids.

It is clear that just because one district school may serve many more students than another does not necessarily mean that the project in the school with the greater number of students is more needed or more