

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
6686 SENATE STATE AFFAIRS

1 (e) Fifty percent of the money received by the State during a
2 fiscal year that is subject to the expenditure limit under (b) of this
3 section and that exceeds that limit but is not appropriated under (c)
4 of this section shall be deposited in the principal of the permanent
5 fund and the remaining fifty percent shall be deposited in the budget
6 stabilization fund.

7 SECTION 32. BUDGET STABILIZATION FUND. (a) This section ap-
8 plies from July 1, 1991, through June 30, 1996.

9 (b) Income of the permanent fund shall be deposited in the
10 budget stabilization fund in accordance with Section 30(c) of this
11 article. Fifty percent of the money received by the State that is
12 subject to the expenditure limit under Section 31(b) of this article,
13 exceeds that limit, and is not appropriated under Section 31(c) of
14 this article shall be deposited in the budget stabilization fund.
15 Additional appropriations may be made to the budget stabilization
16 fund.

17 (c) Money in the budget stabilization fund shall be invested so
18 as to yield competitive market rates to the fund. Income from invest-
19 ment of the fund shall be retained in the fund.

20 (d) If the legislature determines that the money subject to the
21 expenditure limit received by the State in a fiscal year is less than
22 the maximum amount that may be appropriated under Section 31 of this
23 article, money may be appropriated from the budget stabilization fund
24 to the general fund. However, the amount appropriated from the budget
25 stabilization fund during a fiscal year may not exceed the lesser of

26 (1) the amount that, when added to money subject to the
27 expenditure limit received by the State during that fiscal year,
28 equals the maximum amount that may be appropriated under Section 31 of
29 this article; or

1 (2) twenty-five percent of the balance of the budget sta-
2 bilization fund.

3 (e) Notwithstanding the expenditure limit in Section 31 of this
4 article, additional amounts may be appropriated from the budget stabi-
5 lization fund to meet a State disaster declared by the governor as
6 prescribed by law.

7 SECTION 33. REPEAL. Sections 29 - 32 of Article XV are repealed
8 July 1, 1996.

9 * Sec. 3. The amendments proposed by this resolution shall be placed
10 before the voters of the state at the next general election in conformity
11 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-
12 tion laws of the state.
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Suspended

BY FAIKS, JONES, ELIASON,
FISCHER, DUNCAN

1 IN THE SENATE

2

SENATE JOINT RESOLUTION NO. 5

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

Suspends Constitutional provisions RE dedicated funds + spending limit to allow for RE to be distributed: 40% dividends 30% inflation proofing 30% budget stabilization fund
Reduces annual limit from \$2.5 billion to \$1.2 billion - this is the threshold for depositing "excess" revenues in the stabilization fund and allowing expenditure from it.

Proposing amendments to the Constitution of the State of Alaska amending provisions relating to the Alaska permanent fund; establishing temporary provisions relating to dedicated funds, the Alaska permanent fund, the expenditure limit, and the budget stabilization fund; and suspending the operation of provisions relating to dedicated funds, the Alaska permanent fund, and the appropriation limit.

16 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

17 * Section 1. Article IX, sec. 15, Constitution of the State of Alaska,
18 is amended to read:

19 SECTION 15. ALASKA PERMANENT FUND. At least twenty-five per
20 cent of all mineral lease rentals, royalties, royalty sale proceeds,
21 federal mineral revenue sharing payments and bonuses received by the
22 State shall be placed in a permanent fund. The fund is established as
23 a trust on behalf of all the residents of the State and its principal
24 shall be invested in accordance with the prudent investor rule in [,
25 THE PRINCIPAL OF WHICH SHALL BE USED ONLY FOR THOSE] income-producing
26 investments specifically designated by law as eligible for permanent
27 fund investments. [All income from the permanent fund shall be depos-

28 ited in the general fund unless otherwise provided by law.]
29 * Sec. 2. Article XV, Constitution of the State of Alaska, is amended

new Sec. 30 (p. 2, l. 23) would suspend this language

1 by adding new sections to read:

2 SECTION 29. DEDICATED FUNDS. (a) The operation of Section 7 of
3 Article IX is suspended from July 1, 1991, through June 30, 1996, and
4 this section applies in lieu of (Section 7 of Article IX.) *prohibition against*
dedicated funds

5 (b) The proceeds of any state tax or license shall not be dedi-
6 cated to any special purpose, except as provided in Sections 30 and 32
7 of this article or when required by the federal government for state
8 participation in federal programs. This provision shall not prohibit
9 the continuance of any dedication for special purposes existing upon
10 the date of ratification Section 7 of Article IX by the people of
11 Alaska.

12 SECTION 30. ALASKA PERMANENT FUND. (a) The operation of Sec-
13 tion 15 of Article IX is suspended from July 1, 1991, through June 30,
14 1996, and this section applies in lieu of Section 15 of Article IX.

15 (b) At least twenty-five percent of all mineral lease rentals,
16 royalties, royalty sale proceeds, federal mineral revenue sharing
17 payments and bonuses received by the State shall be placed in a perma-
18 nent fund. The fund is established as a trust on behalf of all the
19 residents of the State and its principal shall be invested in accor-
20 dance with the prudent investor rule in income-producing investments
21 specifically designated by law as eligible for permanent fund invest-
22 ments.

23 (c) At the end of each fiscal year an amount equal to the capi-
24 tal gains that exceed capital losses from the sale of permanent fund
25 investments shall be added to the principal of the permanent fund to
26 help offset the effect of inflation and increase the principal. The
27 rest of the income of the permanent fund shall be distributed as
28 follows:

29 (1) forty percent to be used for dividends for State

1 residents as provided by law;

2 (2) thirty percent to be added to the principal of the
3 permanent fund to help offset the effect of inflation and increase the
4 principal; and

5 (3) thirty percent to the budget stabilization fund estab-
6 lished under Section 32 of this article.

7 SECTION 31. EXPENDITURE LIMIT. (a) The operation of Section 16
8 of Article IX is suspended from July 1, 1991, through June 30, 1996,
9 and this section applies in lieu of (Section 16 of Article IX.)

*Appropriation
Limit*

10 (b) Except for appropriations to the permanent fund or for
11 Alaska permanent fund dividends, appropriations to the budget stabili-
new language → zation fund, appropriations by the legislature to meet a State natural
12 disaster declared by the governor as prescribed by law, appropriations
13 of revenue bond proceeds, and appropriations of money received from a
14 non-State source in trust for a specific purpose, including revenues
15 of a public enterprise or public corporation of the State that issues
16 revenue bonds, appropriations from the treasury made for fiscal year
17 1996 may not exceed a basic services budget level of \$1,400,000,000.
18 The legislature shall by law establish an expenditure limit for each
19 fiscal year calculated to achieve the basic services budget level
20 required under this section for fiscal year 1996.

approp. req'd to pay P&I on GO bonds

*→ in
current
language*

*currently
\$2.5 billion*

22 (c) During a fiscal year the legislature may exceed the expendi-
23 ture limit under (b) of this section if each bill that exceeds the
24 limit is passed by affirmative vote of three-fourths of the membership
25 of each house of the legislature or, notwithstanding Sections 1 and 14
26 of Article II and Article XI, is approved by the voters as prescribed
27 by law. The voters shall, for each bill for appropriations for capi-
28 tal projects, be informed as provided by law of the cost of operations
29 and maintenance of each capital project.

1 (d) Fifty percent of the money received by the State that is
2 subject to the expenditure limit under (b) of this section and that
3 exceeds that limit but is not appropriated under (c) of this section
4 shall be deposited in the principal of the permanent fund and the
5 remaining fifty percent shall be deposited in the budget stabilization
6 fund.

7 SECTION 32. BUDGET STABILIZATION FUND. (a) This section
8 applies from July 1, 1991, through June 30, 1996.

9 (b) Income of the permanent fund shall be deposited in the
10 budget stabilization fund in accordance with Section 30(c) of this
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16 fund.

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18 as to yield competitive market rates to the fund. Income from invest-
19 ment of the fund shall be retained in the fund.

20 (d) If the legislature determines that the money subject to the
21 expenditure limit received by the State in a fiscal year is less than
22 the maximum amount that may be appropriated under Section 31 of this
23 article, money may be appropriated from the budget stabilization fund
24 to the general fund. However, the amount appropriated from the budget
25 stabilization fund during a fiscal year may not exceed the lesser of

26 (1) the amount that, when added to money subject to the
27 expenditure limit received by the State during that fiscal year,
28 equals the maximum amount that may be appropriated under Section 31 of
29 this article; or

1 (2) twenty percent of the balance of the budget stabiliza-
2 tion fund.

3 (e) Notwithstanding the expenditure limit in Section 31 of this
4 article, additional amounts may be appropriated from the budget stabi-
5 lization fund to meet a State disaster declared by the governor as
6 prescribed by law.

7 SECTION 33. REPEAL. Sections 29 - 32 of Article XV are repealed
8 July 1, 1996.

9 * Sec. 3. The amendments proposed by this resolution shall be placed
10 before the voters of the state at the next general election in conformity
11 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-
12 tion laws of the state.

S J R

12

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SJR 12

SPONSOR Kerthula

BILL TITLE Amend US Constitution - abolish electoral college

DATE REFERRED 1-12-89

HEARING SCHEDULED

FISCAL NOTE PREPARED

SPONSOR CONTACTED

INTERESTED PARTIES CONTACTED

OTHER



Alaska State Legislature

SENATE

Official business

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

M E M O R A N D U M

TO: Senator Pat Pourchot, Chairman
Senate State Affairs Committee

FROM: Senator Kerttula

SUBJ: SJR 12 -- Relating to a
Constitutional Amendment to
Abolish the Electoral College

DATE: February 20, 1990

I would appreciate your scheduling SJR 12, relating to a Constitutional amendment to abolish the Electoral College, at your earliest convenience. The historical reasons for the creation of the Electoral College no longer exist; and it is an anachronism, that in our democratic system of government, the President and Vice-President are not elected by direct-vote of the people.

The Electoral College was created as a result of a political compromise, for reasons which, while they made sense in 1787, no longer exist. The Constitutional Convention had debated three proposals for electing the President: election by Congress, election by direct vote of the people, and election by intermediate electors. In the context of the times, the first two proposals were considered controversial. Election of the President by Congress was controversial since it would result in such a strong legislature. Election of the President by direct vote of the people was considered controversial, since there was disagreement over whether the masses were sufficiently sophisticated to make such an important decision. Thus, the proposal that the President should be elected by intermediate electors won by default. "The most basic reason that the electoral college was invented was that the Convention was deadlocked on simpler schemes like direct election and choice by Congress and thus invented a

system which could be 'sold' in the immediate context of 1786."¹

There were two elections in the 1800s in which the winner of the Presidency by popular vote, lost the Presidency in the Electoral College:

Results of the 1876 Election

	Popular Votes		Electoral Votes
	Republican Count	Democratic Count	
Tilden (D)	4,285,992	4,300,590	184
Hayes (R)	4,033,768	4,036,298	185

Results of the 1888 Election

	Popular Votes		Electoral Votes
Harrison (R)	5,445,269		233
Cleveland (D)	5,540,365		168
Minor Parties	855,786		---

There have been three occasions in the 20th century, in which the nation has come very close electing a President who had lost the popular vote.

1916 Election: In the 1916 election, Woodrow Wilson (D) led the popular vote over Charles Evans Hughes (R) by 582,576. The outcome in the Electoral College hinged on California, which had 13 electoral votes. Excluding California, the electoral count stood at 264 for Wilson, 254 for Hughes. Whichever candidate won California, would be President. Wilson carried California by only 3,806 votes out of almost a million cast in the state. A shift of less than one-fifth of one percent of the California vote would have elected Hughes, despite Wilson's national popular vote plurality of well over half a million votes.

¹Peirce, Neal R. The People's President. The Electoral College in American History and the Direct-Vote Alternative. New York: Simon and Schuster, 1968.

1948 Election: In the 1948 election, Harry Truman (D) won the popular vote over Thomas Dewey (R) by more than two million votes, while he ran 114 votes ahead of Dewey in the electoral college. Truman's electoral vote margin was deceptive, however. A shift from Truman to Dewey of only 24,294 votes in three states (16,807 in Illinois, 8,933 in California and 3,554 in Ohio) would have made Dewey President instead.

1960 Election: In the 1960 election, there were "unprecedented" difficulties in determining the popular vote in Alabama. Under one method, it appeared the John Kennedy (D) had 188,559 more popular votes than Richard Nixon (R); under the second method, it appeared that Richard Nixon had 58,181 more popular votes than John Kennedy. Kennedy led Nixon by electoral votes by 203 to 219.

The Electoral College is left-over from the days when the mass of voters were considered too unsophisticated to make the important choice of who should be elected President. Today, we should consider the office of President, too important not to be determined by popular vote. The Electoral College is a historical anachronism, which could potentially lead to disastrous results in future elections.

JK:kh



Official Business

Alaska State Legislature

Senate

P.O. BOX V
State Capitol
Juneau, Alaska 9981

February 28, 1989

Jamie Bollenbach
Executive Director
Alaska Civil Liberties Union
P. O. Box 201844
Anchorage, Alaska 99520-1844

Dear Jamie:

Thank you for your letter of support for Senate Joint Resolution 12. I am forwarding a copy to Senator Pat Pourchot, Chair of the Senate State Affairs Committee.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Jay Kerttula".

Senator Jay Kerttula

JK:pt
cc: Senator Pat Pourchot

ACLU

ALASKA CIVIL LIBERTIES UNION

9 8 7 198

An Affiliate of the American Civil Liberties Union

P.O. Box 201844
Anchorage, AK 99520-1844

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310 K Street
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Jamie Bollenbach
Executive Director

*Parade
+ K. you
& File both copies
O.C. 1st copy
of Reference
all members
2 H 116 S. 14*

February 21, 1989

Senator Jay Kerttula
PO Box V
Juneau, AK 99811

Dear Senator Kerttula:

I would like to ~~offer~~ the Alaska Civil Liberties Union's support of Senate Joint Resolution 12. As you can see from the enclosed copy of the American Civil Liberties Union policy, the ACLU believes "that the electoral college from its basic conception was and is an undemocratic institution." We strongly support direct election of the President by the people.

SJR 12's request to the Congress to submit a constitutional amendment to the states ending the electoral college would be a statement by the Legislature that Alaska stands for the essential principles of democracy.

Thank you for your action to help end this grossly outmoded system. If I may be of any assistance in this matter, please contact me.

Sincerely,

Jamie Bollenbach
Jamie Bollenbach

Electoral System

(a) The Union recognizes the issue of presidential nomination and election as a civil liberties question, on the grounds of equal protection and under the principles of one man, one vote. [Board Minutes, February 15-16, 1969.]

The Union supports an amendment to the Constitution of the United States to provide for the election of the President and Vice-President by direct popular vote, on condition, however, that such amendment contains the following provisos: (1) if no candidate receives more than a fixed percentage of the total number of votes cast -- preferably a majority but not less than 40% -- a run-off election be held between the two highest contenders for the offices of President and Vice-President respectively; and (2) federally prescribed and federally supervised uniform non-discriminatory procedures and standards for registration and voting in such elections are required. [Board Minutes, April 19-20, 1969.]

ACLU believes that the electoral college from its basic conception was and is an undemocratic institution. It was brought into being based on a concept of elitism, under which the most distinguished citizens of each state would choose the President and Vice-President of the United States, unhampered by the wishes of those who selected the electors. ACLU believes that the electoral college should be abolished and the the President of the United States should be chosen by direct popular election. Our position is based on the principle that each individual is entitled to the equal protection of the laws in having an elector's vote equally weighted, and on its corollary enunciated in the one-man, one-vote rule. [ACLU Statement, April 30, 1969.]

All United States citizens, whether residing in states, United States territories, or in foreign lands, should, as part of their individual status as citizens, be entitled to vote for President and Vice-President. Congressional legislation, providing for an absentee ballot system for United States citizens living in foreign countries, should be passed to implement this right.

This statement should not be construed as in derogation of the right of a United States Territory to alter its relationship to the United States. [Board Minutes, April 11-12, 1970; News Release, April 27, 1970; Board Minutes, February 9-10, 1974.]

*C. E. all
members
S.A.S.*

S J R

18

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SJR 18

SPONSOR Halford

BILL TITLE Constitutional amendment - public vote
on expenditure of PF earnings

DATE REFERRED 1-25-89

HEARING SCHEDULED 3-3-89

FISCAL NOTE PREPARED ~~for~~ req. 3/1 am

SPONSOR CONTACTED Theresa 4958

INTERESTED PARTIES CONTACTED

✓ Linda Edgeworth 4611

✓ Jim Kelly, PF 2047

✓ Mary Halloran, OMB 3568
Jackie Fargnoli

OTHER

ALASKA STATE LEGISLATURE

Anchorage Office:
3111 C St., Suite 530
Anchorage, AK 99503
907-561-7616

While in Juneau:
P.O. Box V
Juneau, AK 99811
907-465-4958

Senator Rick Halford

MEMORANDUM

To: Senator Pat Pourchot

From: Senator Rick Halford *Rick*

Date: March 1, 1989

Thank you for your prompt scheduling of Senate Joint Resolution 18, proposing an amendment to the Constitution of the State of Alaska relating to income from the permanent fund.

Section one of the resolution proposes an amendment to Article IX, section 15 of the State's constitution. It would allow income of the Permanent Fund to be used to increase the principal of the fund, be distributed as dividends to state residents or used to pay for the cost of administering the permanent fund and dividend program. The resolution also puts into the constitution the ability for income from the fund to be appropriated for other purposes as long as three-fourths of the members of each house approve the appropriation and it is approved by a majority vote of the people of the State.

I hope you will join me in allowing the people of the State to decide how the Permanent Fund should be spent, by passing this resolution out of Committee.

Section 12 - Budget.

The governor shall submit to the legislature, at a time fixed by law, a budget for the next fiscal year setting forth all proposed expenditures and anticipated income of all departments, offices, and agencies of the State. The governor, at the same time, shall submit a general appropriation bill to authorize the proposed expenditures, and a bill or bills covering recommendations in the budget for new or additional revenues.

Section 13 - Expenditures.

No money shall be withdrawn from the treasury except in accordance with appropriations made by law. No obligation for the payment of money shall be incurred except as authorized by law. Unobligated appropriations outstanding at the end of the period of time specified by law shall be void.

Section 14 - Legislative Post-Audit.

The legislature shall appoint an auditor to serve at its pleasure. He shall be a certified public accountant. The auditor shall conduct post-audits as prescribed by law and shall report to the legislature and to the governor.

Section 15 - Alaska Permanent Fund.

At least twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law. [Amendment approved November 2, 1976 - Effective February 21, 1977]

Section 16 - Appropriation Limit.

Except for appropriations for Alaska permanent fund dividends, appropriations of revenue bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from a non-State source in trust for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds, appropriations from the treasury made for a fiscal year shall not exceed \$2,500,000,000 by more than the cumulative change, derived from federal indices as prescribed by law, in population and inflation since July 1, 1981. Within this limit, at least one-

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Section 19 - Right to Bear Arms.

A well-regulated militia being necessary to the security of a free state, the right of the people to keep and bear arms shall not be infringed.

Section 20 - Quartering Soldiers.

No member of the armed forces shall in time of peace be quartered in any house without the consent of the owner or occupant, or in time of war except as prescribed by law. The military shall be in strict subordination to the civil power.

Section 21 - Construction.

The enumeration of rights in this constitution shall not impair or deny others retained by the people.

Section 22 - Right of Privacy.

The right of the people to privacy is recognized and shall not be infringed. The legislature shall implement this section. [Amendment approved August 22, 1972 - Effective October 14, 1972]

Section 23 - Resident Preference

This constitution does not prohibit the State from granting preferences, on the basis of Alaska residence, to residents of the State over nonresidents to the extent permitted by the Constitution of the United States. [Amendment approved November 8, 1988 - Effective January 4, 1989]

Article II

The Legislature

Section 1 - Legislative Power; Membership.

The legislative power of the State is vested in a legislature consisting of a senate with a membership of twenty and a house of representatives with a membership of forty.

Section 2 - Members' Qualifications.

A member of the legislature shall be a qualified voter who has been a resident of Alaska for at least three years and of the district from which elected for at least one year, immediately preceding his filing for office.

A senator shall
at least twenty

Section 3 - I

Legislators shall
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provided by law
term of senate
every two year.

Revisor's note -
second Monday in
day in January fol

Section 4 - V

A vacancy in
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Section 5 - I

No legislator
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or emolument
This section shall not apply
tion.

Revisor's note - S
state to lieutenant
voters August 25.

Section 6 - I

Legislators ma
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arrest except fo

Section 15 - Special Service Districts.

Special service districts existing at the time a borough is organized shall be integrated with the government of the borough as provided by law.

Article XI

Initiative, Referendum, and Recall

Section 1 - Initiative and Referendum.

The people may propose and enact laws by the initiative, and approve or reject acts of the legislature by the referendum.

Section 2 - Application.

An initiative or referendum is proposed by an application containing the bill to be initiated or the act to be referred. The application shall be signed by not less than one hundred qualified voters as sponsors, and shall be filed with the lieutenant governor. If he finds it in proper form he shall so certify. Denial of certification shall be subject to judicial review. [Amendment approved August 25, 1970 - Effective October 10, 1970]

Section 3 - Petition.

After certification of the application, a petition containing a summary of the subject matter shall be prepared by the lieutenant governor for circulation by the sponsors. If signed by qualified voters, equal in number to ten per cent of those who voted in the preceding general election and resident in at least two-thirds of the election districts of the State, it may be filed with the lieutenant governor. [Amendment approved August 25, 1970 - Effective October 10, 1970]

Section 4 - Initiative Election.

An initiative petition may be filed at any time. The lieutenant governor shall prepare a ballot title and proposition summarizing the proposed law, and shall place them on the ballot for the first statewide election held more than one hundred twenty days after adjournment of the legislative session following the filing. If, before the election, substantially the same measure has been enacted, the petition is void. [Amendment approved August 25, 1970 - Effective October 10, 1970]

Section 5 - Referendum Election.

A referendum petition may be filed only within ninety days after adjournment of the legislative session at which the act was passed. The lieutenant governor shall prepare a ballot title and proposition summarizing the act and shall place them on the ballot for the first statewide election held more than one hundred eighty days after adjournment of that session. [Amendment approved August 25, 1970 - Effective October 10, 1970]

Section 6 - Enactment.

If a majority of the votes cast on the proposition favor its adoption, the initiated measure is enacted. If a majority of the votes cast on the proposition favor the rejection of an act referred, it is rejected. The lieutenant governor shall certify the election returns. An initiated law becomes effective ninety days after certification, is not subject to veto, and may not be repealed by the legislature within two years of its effective date. It may be amended at any time. An act rejected by referendum is void thirty days after certification. Additional procedures for the initiative and referendum may be prescribed by law. [Amendment approved August 25, 1970 - Effective October 10, 1970]

Section 7 - Restrictions.

The initiative shall not be used to dedicate revenues, make or repeal appropriations, create courts, define the jurisdiction of courts or prescribe their rules, or enact local or special legislation. The referendum shall not be applied to dedications of revenue, to appropriations, to local or special legislation, or to laws necessary for the immediate preservation of the public peace, health, or safety.

Section 8 - Recall.

All elected public officials in the State, except judicial officers, are subject to recall by the voters of the State or political subdivision from which elected. Procedures and grounds for recall shall be prescribed by the legislature.

ate or its political
Accrued benefits

on shall not be con-

l to be self-execut-

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all right and title in
subject to its disposi-
or its political sub-
he Union. The State
or to any property,
may be held by or for
f, as that right or title
eople agree that, un-
, as described in this
osition of the United
posed upon any such
s. This tax exemption

shall not apply to property held by individuals in fee without restrictions on alienation.

Section 13 - Consent to Act of Admission.

All provisions of the act admitting Alaska to the Union which reserve rights or powers to the United States, as well as those prescribing the terms or conditions of the grants of lands or other property, are consented to fully by the State and its people.

Article XIII

Amendment and Revision

Section 1 - Amendments.

Amendments to this constitution may be proposed by a two-thirds vote of each house of the legislature. The lieutenant governor shall prepare a ballot title and proposition summarizing each proposed amendment, and shall place them on the ballot for the next general election. If a majority of the votes cast on the proposition favor the amendment, it shall be adopted. Unless otherwise provided in the amendment, it becomes effective thirty days after the certification of the election returns by the lieutenant governor. [Amendment approved August 25, 1970 - Effective October 10, 1970; Amendment approved August 27, 1974 - Effective October 12, 1974]

Section 2 - Convention.

The legislature may call constitutional conventions at any time.

Section 3 - Call by Referendum.

If during any ten-year period a constitutional convention has not been held, the lieutenant governor shall place on the ballot for the next general election the question: "Shall there be a Constitutional Convention?" If a majority of the votes cast on the question are in the negative, the question need not be placed on the ballot until the end of the next ten-year period. If a majority of the votes cast on the question are in the affirmative, delegates to the convention shall be chosen at the next regular general election, unless the legislature provides for the election of the delegates at a special election. The lieutenant governor shall issue the call for the convention. Unless other provisions have been made by law, the call shall conform as nearly as possible to the act calling the Alaska

il asks for weedkillers

d their plans to apply and Garlon 3A herbicides : 2400-square-foot strips in Birchwood. A fourth wetlands near Fire Creek ed later to test effects of d-killers in groundwater. recht, who was ed by the council to it them on a citizens board working with the ty of Alaska research d railroad engineers, said asked Anchorage mayor ik to request the hearing. unicipality does not, she council will initiate the etition required to bring state hearing.

g the meeting, speakers nson of the environmen- terns organization and es, a resident of Tal- and Anchorage who has l" the railroad for years rbcicide use, described icerns. Sykes favored the alternative methods of on control.

recht said the council "lively" discussion prior g to oppose use of herbi- d to recommend research rruatives, "including labor." er business, the council presentation concerning g tax revenues which e road district's budget. ht said most council s indicated they support 1 mill rate increase on the o let voters decide.

ablyman Craig Campbell l Dyson were present and d from Sen. Rick Halford d to give an update on matters of local interest.

l weather sets er use record

peratures in parts of the ka Electric Association area set new low ture records, MEA Sun- t set a new record of its power consumption. cott, consumer affairs or the electric utility, said Electric Association the MEA Palmer head- office that 96 megawatts r had been drawn over lines. That was 3 ts greater than the record, it was advised.

Hickel executive tells demographics at Tuesday forum

Bill Gee of Hickel Investments will be speaking at the next breakfast forum of the Chugiak - Eagle River Chamber of Commerce on Tuesday, February 7 at 7:30 a.m.

Gee's topic of discussion is "What's in a Number" and will include some comparative analysis of the Chugiak - Eagle River area with similar subcommunities in Anchorage. He will focus specifically on the one- to three-mile radius surrounding the central business district and will present descriptive indicators such as family size, income, population and types of businesses that an area with such a profile can accomodate.

In addition, he will provide a prognosis on our current economic status.

Other speakers on the agenda include Frank Muncy, chairman of Matanuska Electric Assocation Member Advisory Committee, who will make a short presentation.

The meeting will take place at the North Slope Restaurant and the price of the full breakfast is \$5.50 while the Continental breakfast is priced at \$3.50. Coffee is \$2.

Those needing additional information should contact Marilyn Hill, Executive Director, at 694-4702.

Eagle River council meeting has full agenda for Feb. 9

A busy agenda is on tap next Thursday (Feb. 9) when Jerry Mackey conducts his first meeting as president of Eagle River community council. The council meets at 7:30 p.m. at the Chugiak - Eagle River Library.

After action on a by-laws amendment instituting staggered terms for officers, the council will hear a presentation from an engineer working on the municipal air quality standards. Steve Morris will discuss and field questions regarding PM10 regulations, results of studies and associated legal implications.

Street maintenance supervisor Dick Pierce is scheduled to discuss status of his section's budget and a potential increase in property tax mill levy to sus- tain next levels of service in light

Halford bill would have vote on spending of Fund income

Senate Majority Leader Rick Halford, (R-Anch.), has introduced a resolution that would require a vote of the people before any Permanent Fund earnings could be spent. Halford, a vocal opponent of any plan to tap the Permanent Fund, stated, "It is important that the people of the state maintain a link between their dividend and the overall condition and management of the Fund. Any withdrawal of earnings affects future dividends as well as the total balance of the Fund."

Senate Joint Resolution 18 proposes an amendment to the state's constitution that would need to be ratified by a majority of those voting in a statewide election. It would allow income of the Permanent Fund to be used to increase the principal of the fund, be distributed as dividends to state residents, or used to pay for the costs of administering the Permanent Fund and dividend program. The resolution would prohibit the appropriation of income for other purposes without approval of three-fourths of the members of each house and a majority vote of the people in the state.

Halford has been a strong proponent of protecting the Permanent Fund and the earnings of the Fund from legislative appro-

priation. Several years ago Halford led the fight to roll surplus earnings into the principal of the Fund rather than permit the Legislature to appropriate the surplus for government programs.

Joining Halford as sponsors of the constitutional amendment are Senators Jay Kertula (D-Palmer), Jack Coghill (R-Nenana), Jan Faiks (R-Anchorage), and Paul Fischer (R-Soldotna).



Name Our Team!

What is the best name for the new Chugiak - Eagle River college-level baseball team which will begin play in the Central Alaska Baseball League next year?

**WIN A FREE
SEASON PASS
AND THE 1st HAT
OFF THE PRESS!**

*Entries must be received
by February 10, 1989.
Winner announced
February 15th*

Chugiak - Eagle River
Baseball Boosters Club
c/o John Peck
P.O. Box 771566
Eagle River, AK 99577-1566



Let permanent fund 'stockholders' control its future

PORT ALSWORTH — Schemes to scale ramparts defending the Alaska Permanent Fund abound. Most are not so blatant as to propose a frontal assault. Rather a whole stable of swaybacked Trojan horses have been trotted out ... Though draped by their touts in the vestments of motherhood, one need but peek under the skirts to detect, crouched beneath, some salivating politician tolling his skeleton keys to the strongbox.

Most proposals, of course, will be deemed for worthy cause: deferral of need to reimpose income taxes; retaining current levels of municipal assistance; sustaining loan subsidies; funding the longevity bonus; or even — saints preserve us — underwriting Sustinn hydro.

Few suggest anything so obvious as feeding off the fund's corpus. Rather, they would feed off the fund's fodder: its "undistributed income." The undistributed income account is, in essence, the silo into



Jay Hammond

which sustenance is set aside in fat years to maintain the health of the fund come the lean. It helps inflation-proof the fund and prevents wild fluctuations in dividend levels. To use these emergency rations for any but the original purpose is to leave the fund itself vulnerable. Don't let them do it.

"But," protest some, "I thought the intent of the permanent fund was to provide an income source to

run government once oil wealth began to decline. At just what point then will we know the time has come for the fund to fulfill that role?" The answer? "When the people who own the fund — its stockholders, if you will — say so."

Just as a vote of the stockholders is required before major investments or changes in policy are made by corporate bodies, so should such a vote be required of "stockholders" in the permanent fund.

The only way to absolutely assure such a vote is to mandate it in the Constitution. A two-thirds vote of the legislature and a majority vote of the electorate then would be required to change it. If I had my druthers, all dividend recipients (stockholders) including children would be allowed to cast ballots. Parents could exercise a minor's proxy. That way a much more accurate picture of the prevailing Alaska attitude would be reflected.

A constitutionally mandated vote of the people is in full keeping with the manner in which the fund itself was created. In the belief that such a vote of the people should be involved in the establishment of the fund, I vetoed a legislative approach which failed to provide it and insisted it instead be constitutionally structured. By your vote it was. I feel just as strongly that a constitutionally mandated vote of the people should be required before any basic changes are made in the fund's structure, investment policy or utilization of earnings.

I'm pleased to hear gubernatorial candidates starting to talk about asking the people before any changes are made in the ground rules now governing the permanent fund. I believe that candidate who is perceived as most likely to assure that such a vote is required will emerge as the strongest candidate; if perhaps not the most popular with

those politicians who have designs on the fund.

To the latter I say that the portion of income used for dividends is already available for government programs should you really believe that it must be tapped. User fees or taxes extracted from the enormously expanded "tax base" created by the dividend program can be so utilized. One small problem of course those politicians will have to convince their constituents that the program for which they'd tap your dividends was truly more crucial. It's amazing how less "crucial" some programs become in the minds of the public if they somehow perceive themselves as required to pay for them. The dividend program can do much to set up just such a healthy screening process.

□ Jay Hammond was governor of Alaska from 1974-1982.

A fact of parenthood: The 'nest' eventually empties

You'll see them at the airport during the holiday season. They're part of an annual ritual that begins before Christmas and ends after New Year's. They are the empty nesters and they're easy to spot.

Before Christmas they flock to the airport to stand around in happy anticipation talking about how time has flown since summer. They catch up on how many nests are empty and where everyone has gone. Then the jetway doors open and out flow the young flock, kids home for the holidays.

The problems associated with canceled flights and long delays are over and now the reunions begin. Rather than complaints, the trips have been an adventure; hanging out in the Seattle airport with friends, checking the stand-by status each time a plane arrived.

The holiday season has a uniquely bitter-sweet quality now. The joy of



Millett Keller

Empty nesters come in many varieties. For some, their young have gone on to college or jobs out of state. For others, the nest has been empty for a long time; the young are out of school and making new nests elsewhere. Some empty nesters still have a few young at home, others have no more young to raise. Everyone who raises a family will eventually

infallible parental counsel. When you send them off, you think about the lions in "Born Free" knowing that the carefree spirit of childhood has passed and they now have to take on adult responsibilities. The freedom from home rule will be accompanied by term papers, midterms, finals, and bills to pay. You hurt for them because your natural instinct is to shelter them from discomfort and stress.

But you know that it's their life now and they have to take on the challenges of adulthood, including the freedom, the responsibility, and the struggle.

Inevitably, the holiday season ends and it's time to empty the nest again. Back at the airport you see the same crowds, but the mood isn't quite the same this time. It will be many months until you see them again. Until then the empty nest

the morning. You mourn over the loss somewhat like a mild form of bereavement. You're supported by the other empty nesters who are sharing the same feelings and by recalling Eric Hoffer's metaphor about life being like a bus ride. We all get on at the same place and we all have the same destination and we spend the entire ride trying to improve our seating position on the bus.

Raising a family means that eventually the nest will be empty except for the parents. The full circle of child rearing is a new joy which brings a couple closer together. All of us had to break our ties with home and start out on our own, creating our own new homes. Life is a growing process which improves us and which only the foolish try to avoid. The pain, the joy and the

Gramm, Rudman: names to remember

By ROBERT RENO

William Philip Gramm was a former economics professor at Texas A & M, a practicing Episcopalian, honoree of the Freedom Foundation and author of the forgettable book "The Economics of Mineral Extraction" before fame struck him.

Warren Bruce Rudman was a small-town lawyer, former captain of infantry and remembered as a well-liked member of the corps of cadets at Vassar.

Hammond urges vote on earnings use

By ROBERT LAURIE
Times Journal Bureau

JUNEAU — Former Gov. Jay Hammond warned lawmakers against using the earnings of the permanent fund to bolster state spending — at least not without thoroughly exploring other revenue options and budget cuts, and putting the question to a vote of the people.

Hammond, a key advocate of the permanent fund program as it developed in the late '70s and early '80s, returned to Juneau this week to speak to lawmakers about his favorite subject. Hammond served as governor from 1974-1982.

"I think the last thing we ought to do

is invade the earnings of the permanent fund," the former Republican governor told the House State Affairs Committee Thursday.

Lawmakers are eyeing the \$600 million balance of the fund's Earnings Reserve Account as an easy way of plugging the bulk of a \$618 million gap between expected revenues and projected state spending next year.

Hammond urged the lawmakers to "look at other revenue enhancements first," including revision of the Economic Limit Factor on the oil industry and reinstatement of the personal income tax, among others.

Hammond said the oil industry is taxed unfairly, but not excessively. Other industries in the state do not carry their fair share of the tax burden, he said, while the oil industry could afford to pay even more.

Asked about a proposal to "loan" money from the earnings to fund state government — an idea he once advanced — Hammond admitted that on further reflection he opposed the concept.

"I see no way to compel repayment of the loan," Hammond said. "What assurances? What collateral is there?"

Windfalls from future settlements of

lawsuits was suggested as one source.

"I think that's more 'wind' than 'fall,'" quipped Hammond.

If lawmakers insist on borrowing or using permanent fund earnings, Hammond suggests putting a checkoff on the dividend application form so Alaskans could say what state programs they want their money to fund.

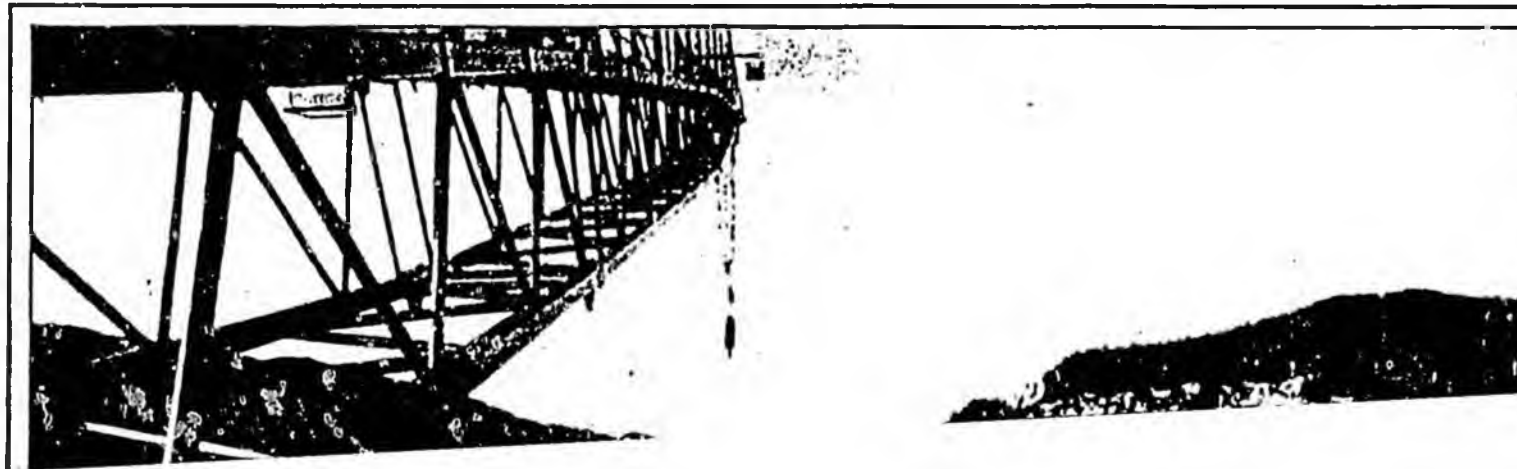
The former governor had little to say in favor of the present governor's plan to dedicate a portion of the fund's earnings to an education endowment.

Gov. Steve Cowper's so-called "education amendment" calls for a constitutional amendment — and the resultant

public vote — on earmarking 40 percent of the fund's earnings over the next 20 to 25 years to education. After 10 years, income from the endowment would begin to replace state general fund money used for public education.

"I've termed it a Trojan horse crossed with a sacred cow," Hammond said. "What you see is not exactly what you get."

The endowment earnings, he said, would simply replace money that is constitutionally mandated to go to education. That money, in turn, would be redirected to programs not necessarily required.



Driver survives train hit

Snowmachiner faces drunk driving charge

By BILL KELDER

Times Valley Bureau

WASILLA — A Talkeetna

Alaska State Constitution

Art IX, Sec 15

nor shall the public credit be used, except for a public purpose.

§ 7. The proceeds of any state tax or other revenue may be dedicated to any special purpose as provided in section 15 of this article, but no revenue required by the federal government for participation in federal programs. This article shall not prohibit the continuance of any special purposes existing upon the adoption of this section by the people.

This section was approved by the voters of Alaska in 1976 and became effective February 21, 1977. The period of time provided in section 15 of this article shall not apply.

§ 8. No state debt shall be contracted by law for capital improvements unless a majority of the qualified voters of the State vote on the question. The State may contract debt by law and without ratification by the people for the purpose of repelling invasion, for the purpose of defending the State in international disputes, or redeeming international obligations at the time this constitution becomes effective.

§ 9. No state debt shall be contracted by any political subdivision of the State, unless authorized by law and approved by its governing body by a majority vote of those qualified voters of the subdivision.

§ 10. The State and its political subdivisions may contract debt to meet appropriations for the purpose of the collection of taxes for the next year, but all debt so contracted shall be repaid by the end of the next year.

§ 11. No restrictions on contracting debt shall be placed on debt incurred through the operation of a public enterprise or

public corporation of the State or a political subdivision, when the only security is the revenues of the enterprise or corporation. The restrictions do not apply to indebtedness to be paid from special assessments on the benefited property, nor do they apply to refunding indebtedness of the State or its political subdivisions.

Budget

SECTION 12. The governor shall submit to the legislature, at a time fixed by law, a budget for the next fiscal year setting forth all proposed expenditures and anticipated income of all departments, offices, and agencies of the State. The governor, at the same time, shall submit a general appropriation bill to authorize the proposed expenditures, and a bill or bills covering recommendations in the budget for new or additional revenues.

Expenditures

SECTION 13. No money shall be withdrawn from the treasury except in accordance with appropriations made by law. No obligation for the payment of money shall be incurred except as authorized by law. Unobligated appropriations outstanding at the end of the period of time specified by law shall be void.

Legislative
Post-Audit

SECTION 14. The legislature shall appoint an auditor to serve at its pleasure. He shall be a certified public accountant. The auditor shall conduct post-audits as prescribed by law and shall report to the legislature and to the governor.

Alaska
Permanent
Fund

SECTION 15. At least twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All

income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

(The addition of this section was approved by the voters of the State November 2, 1976 and became effective February 21, 1977.)

Reviser's notes. — Reorganized in 1988 to delete repealed paragraphs (1) and (4) — (7).
 Effect of amendments. — The 1984 amendment repealed former paragraphs (1) and (4) — (7).

Chapter 13. Alaska Permanent Fund.

Section	Section
10 Alaska permanent fund	120. Investment responsibilities of the board
20 Findings	140. Income
30 Purpose	145. Disposition of income
40 Alaska Permanent Fund Corporation	150. Corporation budget
50 Composition and qualifications of board of trustees	160 Audits
60 Term of office	170 Reports and publications
70 Removal and vacancies	180 Tax exemption
80 Quorum	190 Political activities
90 Compensation of board members	200 Public access to information
100 Corporation staff	205 Regulations
110 Conflicts of interest	210 Definitions

Sec. 37.13.010. Alaska permanent fund. (a) Under art. IX, § 16 of the state constitution, there is established as a separate fund the Alaska permanent fund. The Alaska permanent fund consists of

(1) 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g), and federal mineral revenue sharing payments received by the state from mineral leases issued on or before December 1, 1979, and 25 percent of all bonuses received by the state from mineral leases issued on or before February 15, 1980;

(2) 50 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g), and federal mineral revenue sharing payments received by the state from mineral leases issued after December 1, 1979, and 50 percent of all bonuses received by the state from mineral leases issued after February 15, 1980;

(3) any other money appropriated to or otherwise allocated by law to the Alaska permanent fund.

(b) Payments due the Alaska permanent fund under (a) of this section shall be made to the fund once each month.

(c) The Alaska permanent fund shall be managed by the Alaska Permanent Fund Corporation established in this chapter. (§ 5 ch 18 SLA 1980)

Legislative history reports. — For the Free Conference Committee Report on ch 18, SLA 1980 (FCCSSB 161), see 1980 House Journal, Joint Supplement No. 7, April 2, 1980

Revenues into fund

Sec. 37.13.020. Findings. The people of the state, by constitutional amendment, have required the placement of at least 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue sharing payments and bonuses received by the state into a permanent fund. The legislature finds with respect to the Alaska Permanent Fund Corporation that

(1) the corporation should provide a means of conserving a portion of the state's revenue from mineral resources to benefit all generations of Alaskans;

(2) the corporation's goal should be to maintain safety of principal while maximizing total return;

(3) the corporation should be used as a savings device managed to allow the maximum use of disposable income from the corporation for purposes designated by law. (§ 5 ch 18 SLA 1980)

Sec. 37.13.030. Purpose. It is the purpose of this chapter to provide a mechanism for the management and investment of those permanent fund assets allocated to the Alaska Permanent Fund Corporation in a manner consistent with the findings in AS 37.13.020. (§ 5 ch 18 SLA 1980)

Sec. 37.13.040. Alaska Permanent Fund Corporation. There is established the Alaska Permanent Fund Corporation. The corporation is a public corporation and government instrumentality in the Department of Revenue managed by the board of trustees. The purpose of the board is to manage and invest the assets of the corporation in accordance with this chapter. (§ 5 ch 18 SLA 1980)

Sec. 37.13.050. Composition and qualifications of board of trustees. (a) The Board of Trustees of the Alaska Permanent Fund Corporation consists of six members appointed by the governor. Two of the members must be heads of principal departments of state government, one of whom shall be the commissioner of revenue. Four members shall be appointed by the governor from the public and may not hold any other state or federal office, position or employment, either elective or appointive, except as a member of the armed forces of either the United States or of this state.

(b) The four public members of the board must have recognized competence and wide experience in finance, investments, or other business management-related fields.

(c) The board shall annually elect a chairman from among its members. (§ 5 ch 18 SLA 1980; am § 1 ch 81 SLA 1982)

dividends

cedures or remedies available for collection of taxes under this title to recover the payment of a permanent fund dividend that was improperly made. A notice of an improperly paid dividend must be sent to the individual within 10 years after the improper payment. If notice is not sent within the 10-year period, proceedings may not be commenced in court for recovery of the improper payment.

"(c) If the commissioner determines that a permanent fund dividend should not have been credited to an individual's an-

nuity account, the commissioner may, after notice and opportunity for hearing, direct the commissioner of administration to debit the individual's annuity account for the amount wrongly credited. If the credit is the fault of the individual, the debit must be made within 10 years. If the credit is the fault of the state, the debt must be made within three years."

Effect of amendments. — The 1988 amendment, effective January 1, 1989, added subsection (c).

Sec. 43.23.045. Dividend fund. (a) The dividend fund is established as a separate fund in the state treasury. The dividend fund shall be administered by the commissioner and shall be invested by the commissioner in the same manner as provided in AS 37.10.070.

(b) Notwithstanding any contrary provision of law, each year the commissioner shall transfer to the dividend fund 50 percent of the income of the Alaska permanent fund earned during the fiscal year ending on June 30 of the current year and available for distribution.

(c) *[Repealed, § 24 ch 99 SLA 1985.]*

(d) Unless specified otherwise in an appropriation act, the unexpended and unobligated balance of an appropriation to implement this chapter lapses into the dividend fund on June 30 of the fiscal year for which the appropriation was made and shall be used in determining the amount of and paying the subsequent year's dividend as provided in AS 43.23.025(1)(B). (§ 1 ch 102 SLA 1982; am § 24 ch 99 SLA 1985; am § 3 ch 57 SLA 1987)

Effect of amendments. — The 1985 amendment repealed subsection (c).

The 1987 amendment, added subsection (d).

NOTES TO DECISIONS

Stated in *Alaska Oil Co. v. Alaska*, 45 Bankr. 358 (D. Alaska 1985).

Sec. 43.23.055. Duties of the department. The department shall

(1) annually pay permanent fund dividends from the dividend fund;
 (2) adopt regulations under the Administrative Procedure Act (AS 44.62) that establish procedures and time limits for claiming a permanent fund dividend; the department shall set the time limit for applications for permanent fund dividends so that the number of eligible applicants is determined by October 1 of the year for which the dividend is declared and permanent fund dividends for a year are paid before April 30 of the year following that year;

(3) adopt regulations under the Administrative Procedure Act (AS 44.62) that establish procedures and time limits for an individual

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Sec. 37.13.130. Gains and losses. [Repealed, § 13 ch 81 SLA 1982.]

Sec. 37.13.140. Income. Net income of the corporation shall be computed annually as of the last day of the fiscal year in accordance with generally accepted accounting principles, excluding any unrealized gains or losses. Income available for distribution equals 21 percent of the net income of the corporation for the last five fiscal years, including the fiscal year just ended, but may not exceed net income of the corporation for the fiscal year just ended plus the balance in the earnings reserve account described in AS 37.13.145. (§ 5 ch 18 SLA 1980; am § 8 ch 81 SLA 1982; am § 1 ch 28 SLA 1986)

Effect of amendments. — The 1986 amendment in the first sentence substituted "shall" for "must" and in the second sentence substituted "21 percent of the net income" for "the average net income" and "earnings reserve" for "undistributed income."

inflation proofing

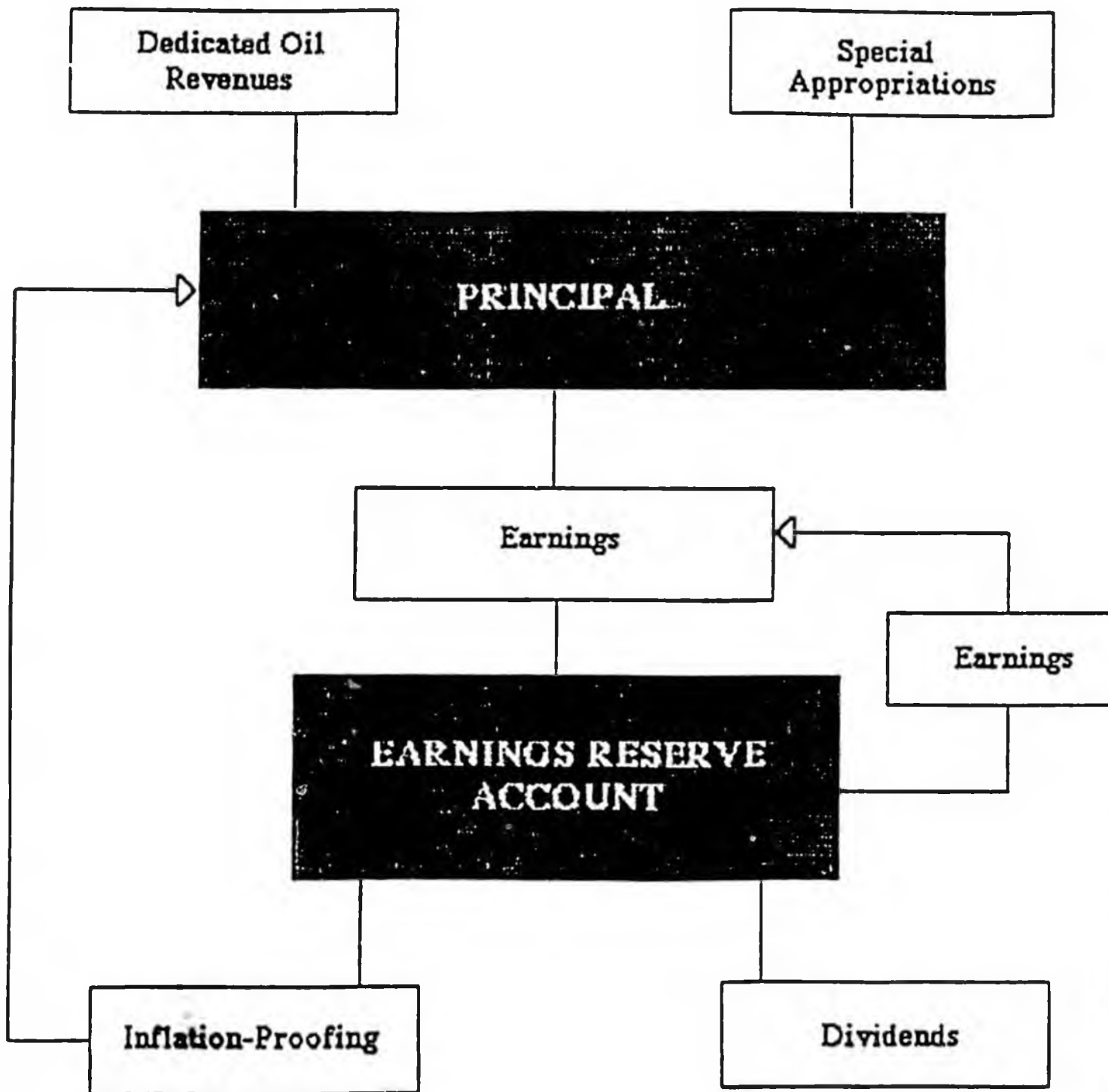
Sec. 37.13.145. Disposition of income. At the end of each fiscal year, an amount sufficient to offset the effect of inflation on principal of the Alaska permanent fund during that year, as measured by the change in the calendar year average United States consumer price index for all urban consumers shall be transferred from net income as defined in AS 37.13.140, excluding income on the earnings reserve account in the Alaska permanent fund, to the principal of the Alaska permanent fund for reinvestment. The balance of the income available for distribution under AS 37.13.140 shall be transferred to the earnings reserve account in the Alaska permanent fund. Money in the earnings reserve account shall be invested in investments authorized under AS 37.13.120. Income from the investment of the earnings reserve account shall be treated as an addition to that account. (§ 9 ch 81 SLA 1982; am § 2 ch 28 SLA 1986)

Cross references. — For transfer of certain income earned by the Alaska permanent fund prior to July 1, 1982, to the undistributed income account, see § 15, ch. 81, SLA 1982.

Effect of amendments. — The 1986 amendment in the first sentence substituted "the change in the calendar year average United States consumer price index for all urban consumers" for "a nationally recognized index," in the second sentence substituted "income available for distribution under" for "net income as defined in," and substituted "earnings reserve" for "undistributed income" throughout the section.

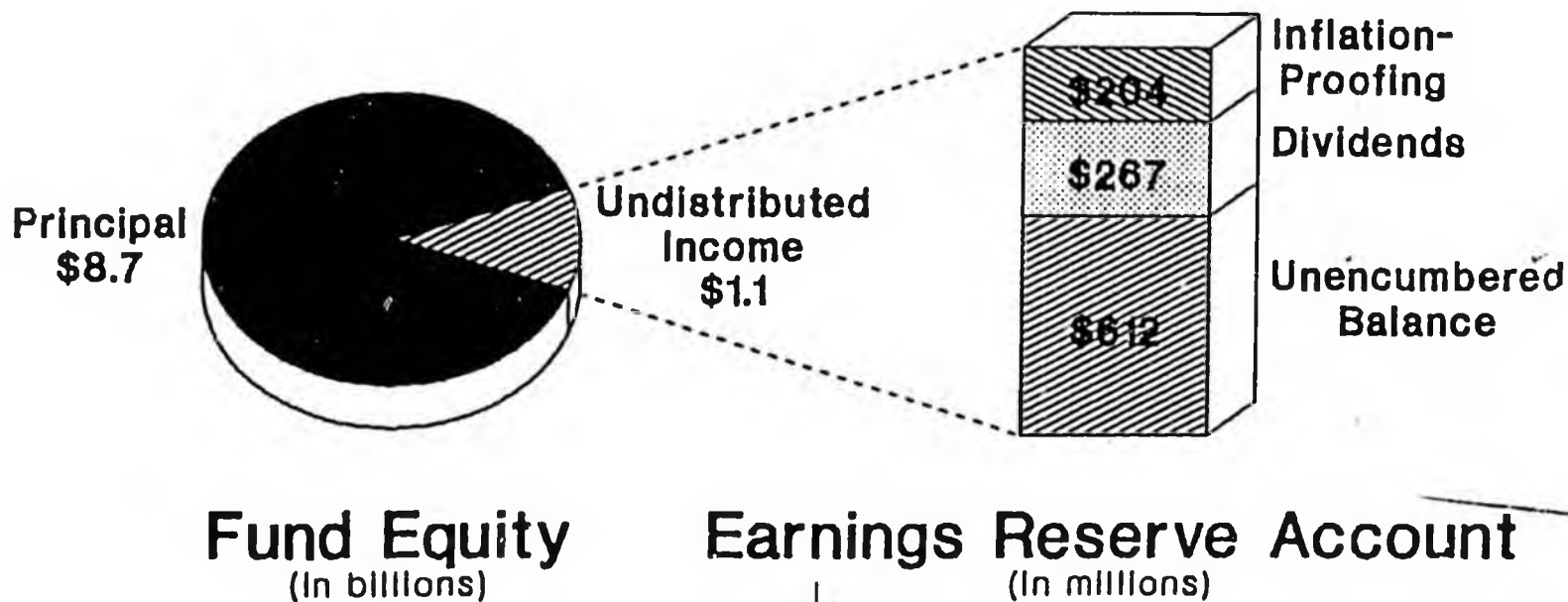
Sec. 37.13.150. Corporation budget. The revenue generated by the corporation's investments must be identified as the source of the operating budget of the corporation in the state's operating budget under AS 37.07 (Executive Budget Act). The unexpended balance of the corporation's annual operating budget does not lapse at the end of the fiscal year but shall be treated as income under AS 37.13.140. (§ 5 ch 18 SLA 1980; am § 10 ch 81 SLA 1982)

HOW THE PERMANENT FUND WORKS



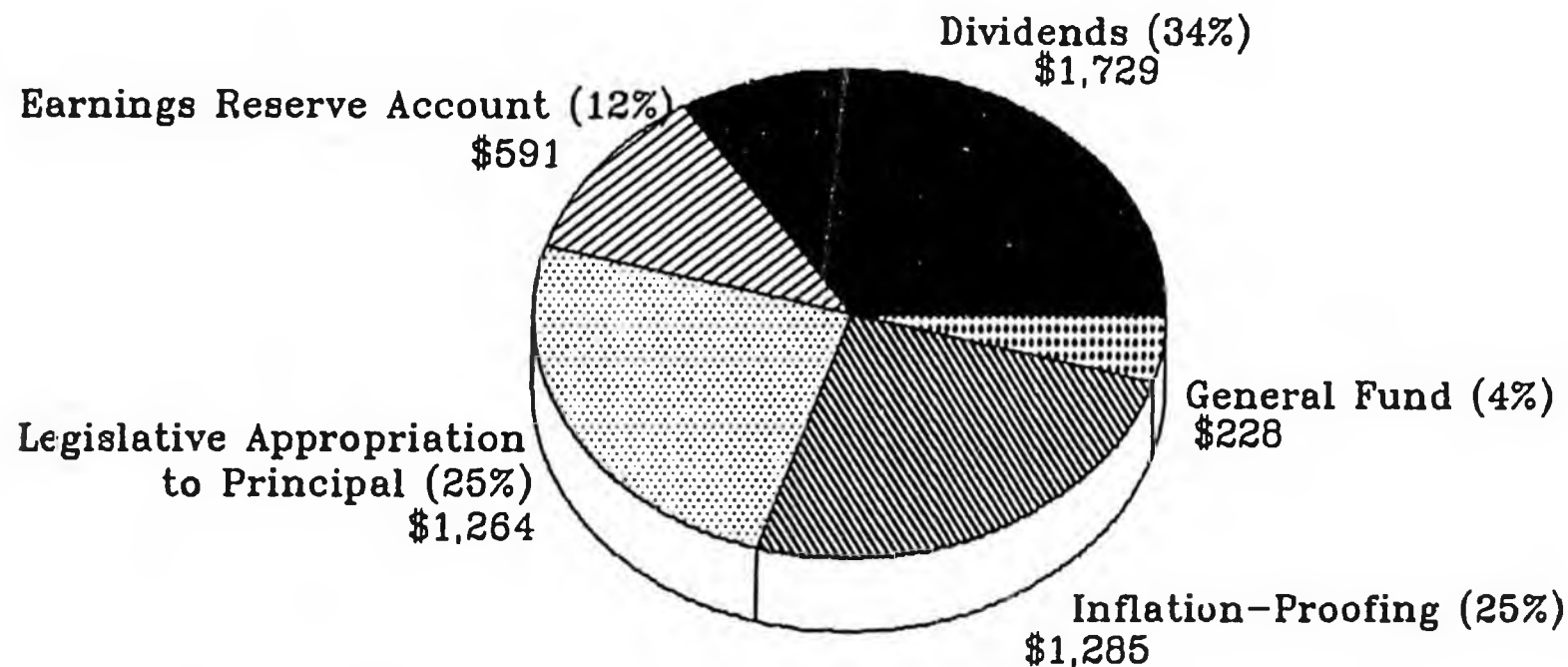
COMPOSITION OF FUND EQUITY

as of January 31, 1989



USE OF FUNDS

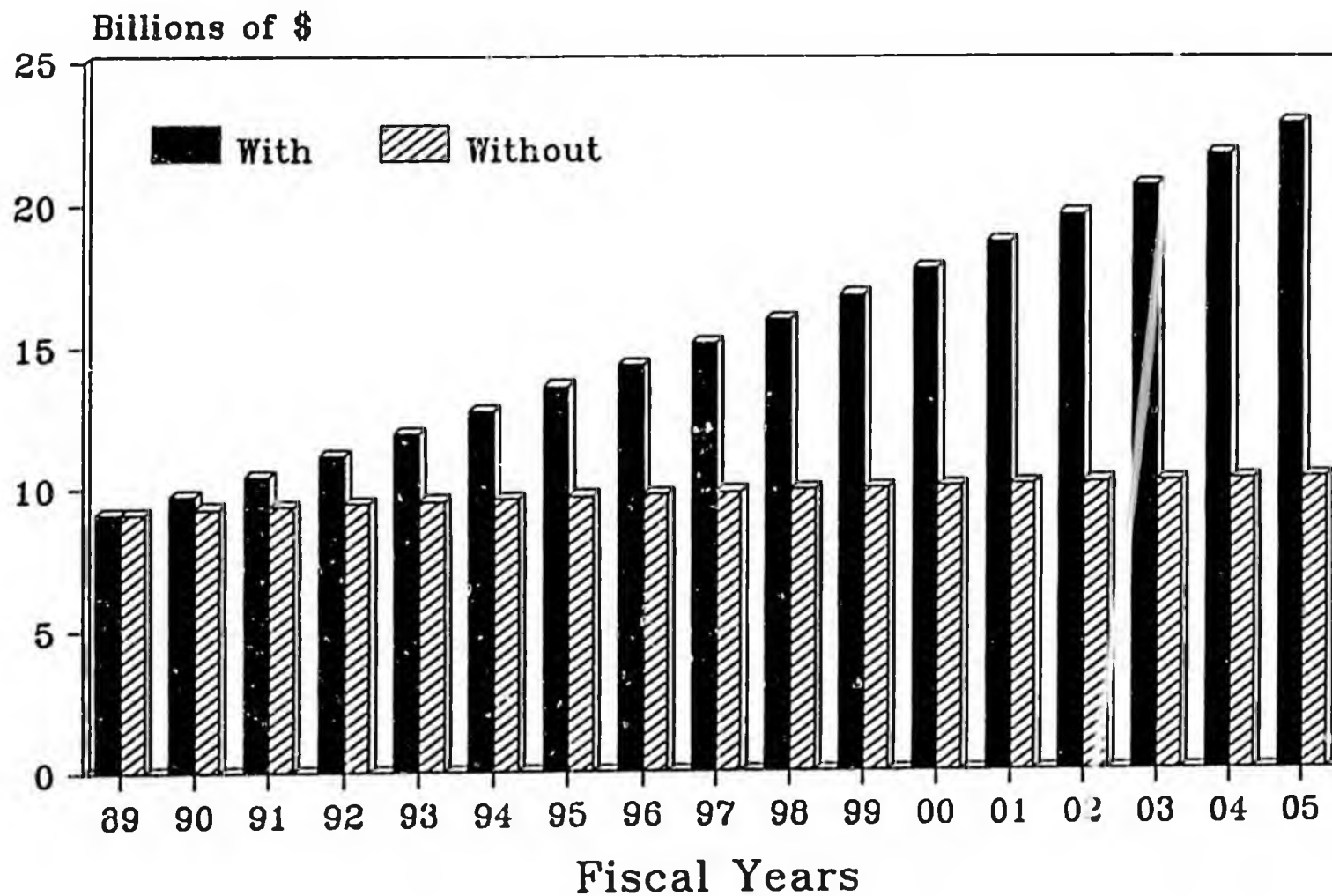
Distribution of Income Since Inception
(in millions)



Total Net Income Produced: \$5.1 Billion

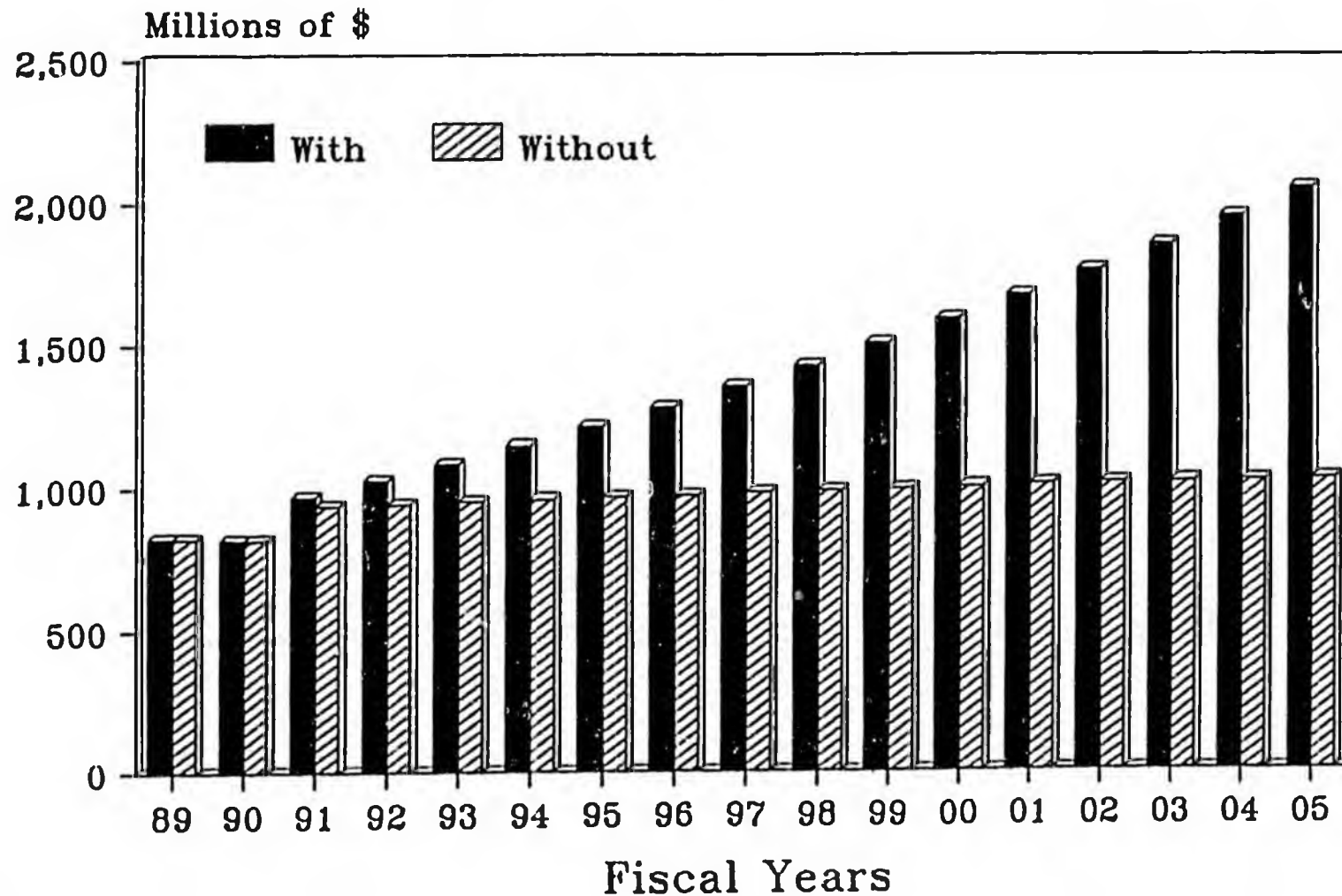
Source: APFC

IMPORTANCE OF INFLATION-PROOFING To Growth of Principal



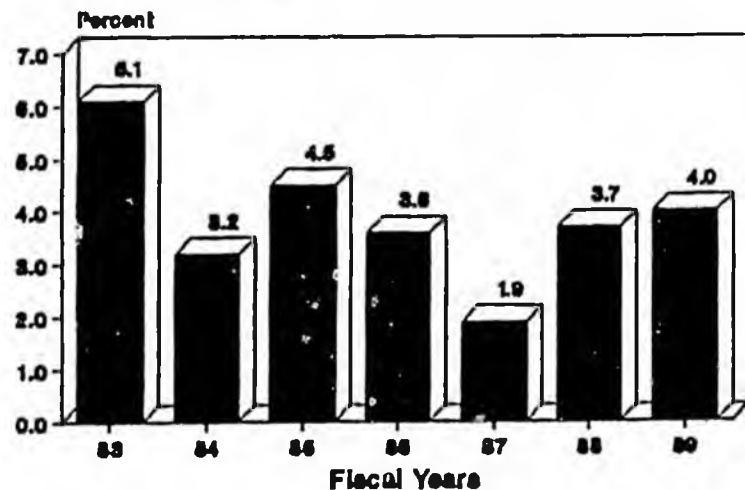
Source: APFC

IMPORTANCE OF INFLATION-PROOFING To Growth of Net Income

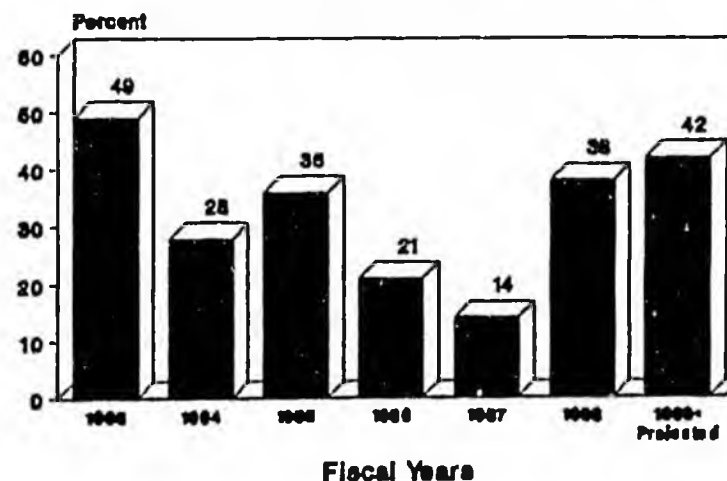


Source: APFC

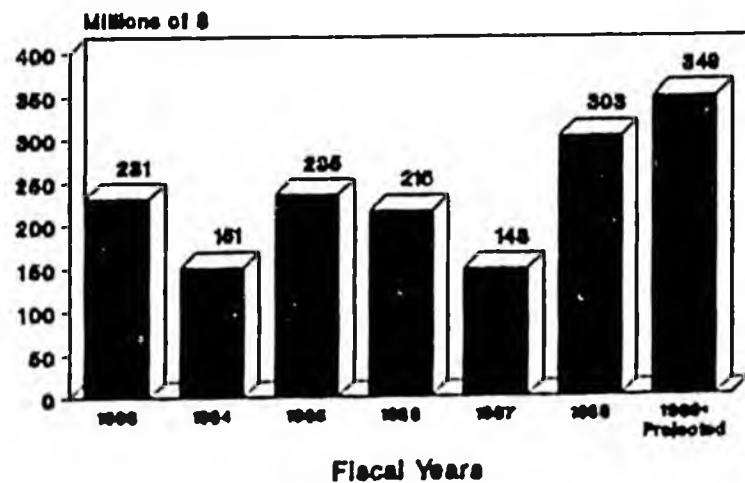
ANNUAL % CHANGES IN THE CPI Used to Calculate Inflation-Proofing



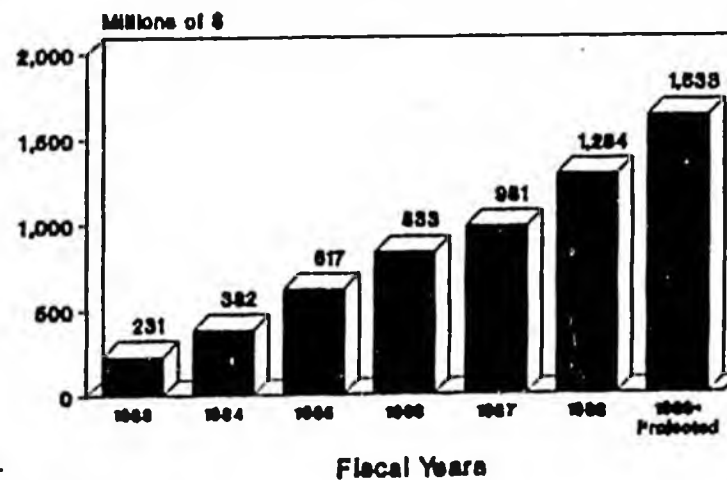
INFLATION-PROOFING AMOUNTS As a % of Annual Net Income



INCOME ADDED TO PRINCIPAL By Inflation-Proofing



INCOME ADDED TO PRINCIPAL By Inflation-Proofing (Cumulative)



**USE OF ONE-TIME MEASURES
TO BALANCE ALASKA'S BUDGET
(Millions of Dollars)**

FY 87

10% REDUCTION OPERATING PROGRAMS	\$ 194.0
ZERO OUT BUDGET RESERVE FUND	\$ 427.4
RAILBELT ENERGY FUND SOURCE CHANGE	\$ 50.0
LOAN PROGRAM CLOSEOUTS	\$ 19.7
CAPITAL PROJECT CLEAN-UP	\$ 86.0
SETTLEMENT PAYMENTS (TAPS, ARCO, 8-G)	\$ 70.5
LEASE BONUSES	\$.5
OTHER BACK TAX PAYMENTS	\$ 5.5
TOTAL ONE-TIME MEASURES	\$ 853.60

FY88

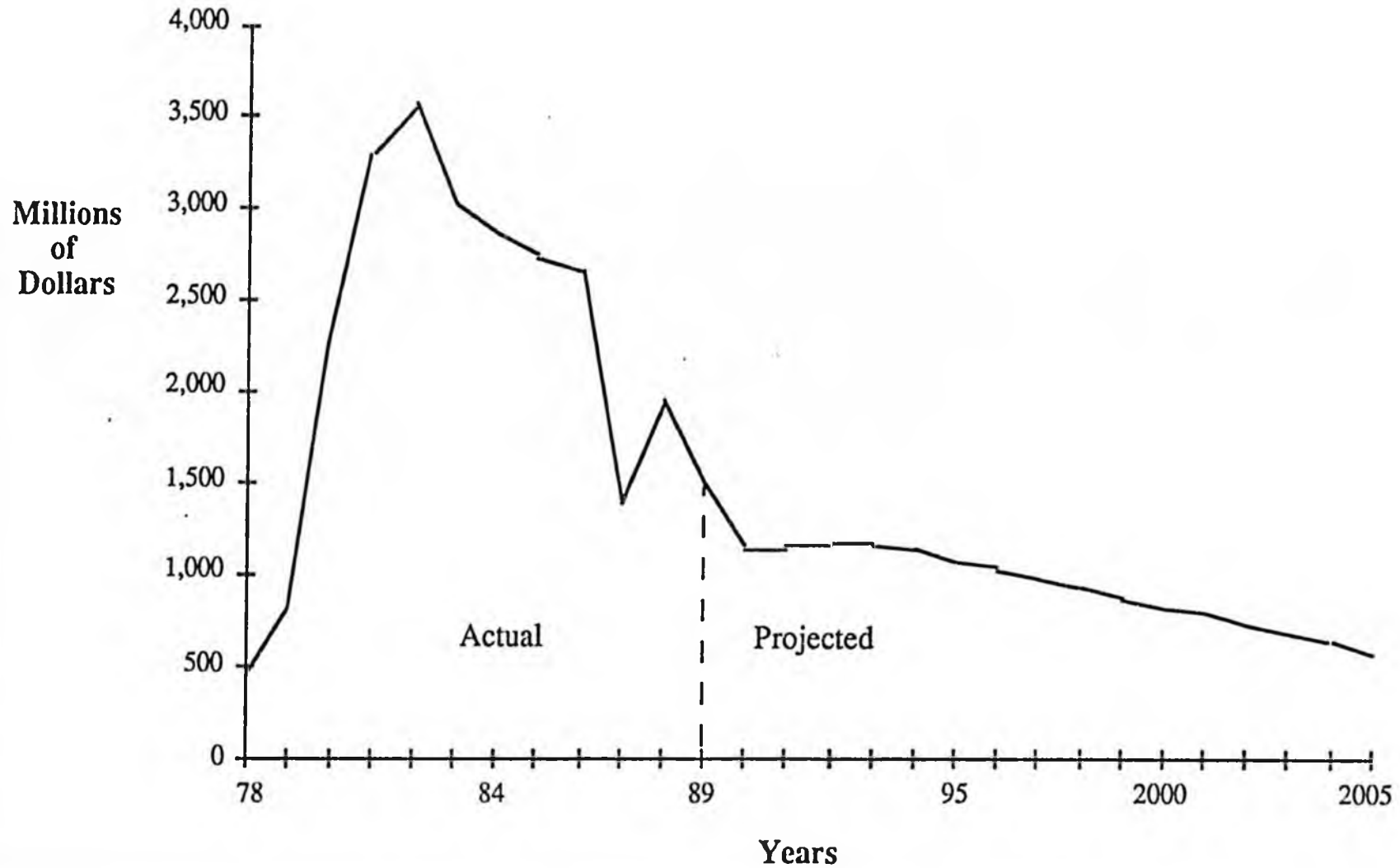
8-G/DINKUM SANDS PAYMENT	\$ 150.9
TAPS SETTLEMENT PAYMENT	\$ 2.1
CAPITAL PROJECT CLEAN-UP	\$ 22.3
LEASE BONUSES	\$ 5.5
OTHER BACK TAX PAYMENTS	\$ 10.9
TOTAL ONE-TIME MEASURES	\$ 200.7

FY 89

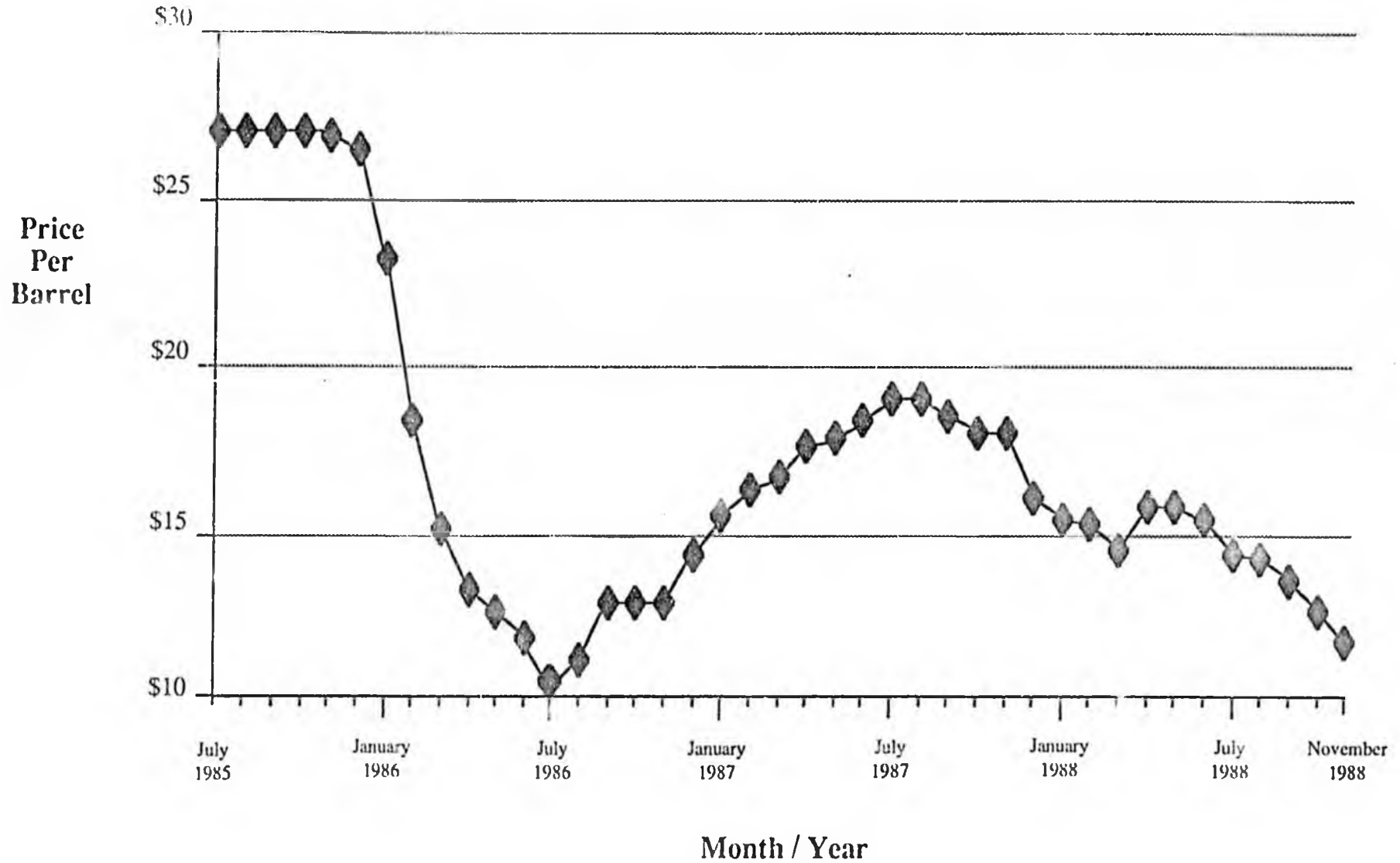
ARCO TAX SETTLEMENT	\$ 172.3
BOND FUND CLEAN-UP	\$ 4.7
LEASE BONUSES	\$ 20.7
OTHER BACK TAX PAYMENTS TO DATE	\$ 57.8
TOTAL ONE-TIME MEASURES YEAR-TO-DATE	\$ 255.5

Total State Oil Revenues

FY 1978 - FY 2005



ANS Gulf Contract Prices, 1985-1988





Alaska Permanent Fund Corporation

P.O. Box 4-1000 Juneau, Alaska 99802-4100

(907) 465-2047 Telecopy (907) 586-2057

RECEIVED

FEB 1 1989

OFFICE OF
SENATOR RICK HALFORD

M E M O R A N D U M

DATE: January 31, 1989

TO: Senator Rick Halford
Majority Leader

FROM: Jim Kelly *JK*
Research & Liaison Officer

SUBJECT: Analysis (In Nominal and Real Dollars) of Proposal to Establish an Education Endowment, Appropriate \$575 Million From the Earnings Reserve Account to the General Fund in FY 89, and Appropriate 20% of Net Income to the General Fund Each Year After FY 89 (Second Revision)

Attached are four financial projections prepared by the Alaska Permanent Fund Corporation at your request.

Financial Projection #1: This is the status quo case as of December 31, 1988. It provides the benchmark against which to compare and contrast any changes to current law.

Financial Projection #2: This projection makes four changes to the status quo: (1) it assumes passage of the Governor's Education Endowment as proposed in HJR 13; (2) it appropriates \$575 million from the Earnings Reserve Account to the General Fund in fiscal 1989; (3) it appropriates 20% of the Fund's non-Education-Endowment net income to the General Fund each year beginning in fiscal 90; and (4) it revises the dividend formula to exclude Education Endowment income from the annual calculation.

Regarding HJR 13, it is the Corporation's understanding that the Education Endowment would work as follows:

* 40% of the Fund's annual net income is transferred to the Education Endowment (an account within the principal of the Permanent Fund) each June 30, beginning in 1992 (20% of the net income is transferred on June 30, 1991);

* 100% of the Education Endowment's income is transferred to the Education Endowment from fiscal 1992-1999;

* 100% of the Education Endowment's income after 1999 is appropriated to fund elementary and secondary education in Alaska.

Financial Projection #3: This is the status quo case as of December 31, 1988 - but presented in real dollars; that is, all data shown for future years is presented in inflation-adjusted 1989 dollars. Please note the January 31, 1989 date at the bottom of the revised sheet.

Financial Projection #4: This projection is identical to #2 above, except it also is presented in real, inflation-adjusted, 1989 dollars. Please note the January 31, 1989 date at the bottom of the revised sheet.

This analysis concerns itself with the following impacts on the Permanent Fund:

- * How would the changes affect the growth of Fund principal, including the unrestricted principal of the Permanent Fund as well as the combined total unrestricted and Education Endowment principal?
- * How would they affect the level of Fund net income produced in the future?
- * How would they affect total dividend distributions (in millions), and the amounts of annual per capita dividends?
- * How would they affect inflation-proofing transfers?
- * How would they affect amounts available for distribution to the General Fund and to fund education?

To provide analysis-at-a-glance of the nominal dollar impacts of Projections #1-2, data for the fiscal years 1989, 2000 and 2005 is pulled off the projection sheets and juxtaposed below (in millions of dollars).

	Status Quo (Nominal \$)	Projection #2 (Nominal \$)
<u>Fund Unrestricted Principal Balance</u>		
June 30, 1989:	9,086	9,086
June 30, 2000:	17,448	10,142
June 30, 2005:	22,504	10,396

Fund Combined Principal Balance

June 30, 1989:	9,086	9,086
June 30, 2000:	17,448	14,966
June 30, 2005:	22,504	17,205

Annual Net Income

Fiscal 1989:	818	818
Fiscal 2000:	1,564	1,371
Fiscal 2005:	2,019	1,582

Dividend Distributions

June 30, 1989:	457	457
June 30, 2000:	741	389
June 30, 2005:	960	402

Per Capita Dividend Payments

Calendar 1989:	\$ 835.17	\$835.17
Calendar 2000:	1,225.64	627.04
Calendar 2005:	1,518.75	612.17

Inflation-Proofing Transfers

June 30, 1989:	349	349
June 30, 2000:	823	-0-
June 30, 2005:	1,059	-0-

Distributions to the General Fund

June 30, 1989:	-0-	-0-
June 30, 2000:	-0-	194
June 30, 2005:	-0-	201

Distributions to Fund Education

June 30, 1989:	-0-	-0-
June 30, 2000:	-0-	399
June 30, 2005:	-0-	577

Compared to the status quo, the most noticeable effects of adoption of the changes depicted in Projection #2 would be as follows:

Unrestricted Fund principal would be \$7.306 billion smaller in 2000, and \$12.108 billion smaller in 2005.

Fund combined principal would be \$2.482 billion smaller in 2000, and \$5.299 billion smaller in 2005.

Net income would be \$193 million smaller in 2000, and \$437 million smaller in 2005.

The dividend distribution would be \$352 million smaller in 2000, and \$558 million smaller in 2005.

Per capita dividends would be \$598.60 smaller in 2000, and \$906.58 smaller in 2005.

The inflation-proofing transfer would be \$823 million smaller in 2000, and \$1,059 million smaller in 2005.

The distribution to the General Fund would be \$194 million larger in 2000, and \$201 million larger in 2005.

The distribution to fund education would be \$399 million larger in 2000, and \$577 million larger in 2005.

To provide analysis-at-a-glance of the real dollar impacts of Projections #3-4, data for the fiscal years 1989, 2000 and 2005 is pulled off the projection sheets and juxtaposed below (in millions of dollars).

	Status Quo (Real \$)	Projection #4 (Real \$)
<u>Fund Unrestricted Principal Balance</u>		
June 30, 1989:	9,086	9,086
June 30, 2000:	9,279	5,394
June 30, 2005:	8,944	4,131
<u>Fund Combined Principal Balance</u>		
June 30, 1989:	9,086	9,086
June 30, 2000:	9,279	7,959
June 30, 2005:	8,944	6,837

Annual Net Income

Fiscal 1989:	818	818
Fiscal 2000:	832	729
Fiscal 2005:	802	628

Dividend Distributions

June 30, 1989:	457	457
June 30, 2000:	394	207
June 30, 2005:	382	160

Per Capita Dividend Payments

Calendar 1989:	\$835.17	\$835.17
Calendar 2000:	651.80	333.47
Calendar 2005:	603.61	243.27

Inflation-Proofing Transfers

June 30, 1989:	350	350
June 30, 2000:	438	-0-
June 30, 2005:	421	-0-

Distributions to the General Fund

June 30, 1989:	-0-	-0-
June 30, 2000:	-0-	103
June 30, 2005:	-0-	80

Distributions to Fund Education

June 30, 1989:	-0-	-0-
June 30, 2000:	-0-	212
June 30, 2005:	-0-	229

In real dollars, compared to the status quo, the most noticeable effects of adoption of the changes depicted in Projection #4 would be as follows:

Unrestricted Fund principal would be \$3.885 billion smaller in 2000, and \$4.813 billion smaller in 2005.

Combined Fund principal would be \$1.32 billion smaller in 2000, and \$2.107 billion smaller in 2005.

Net income would be \$103 million smaller in 2000, and \$174 million smaller in 2005.

The dividend distribution would be \$187 million smaller in 2000, and \$222 million smaller in 2005.

Per capita dividends would be \$418.33 smaller in 2000, and \$360.34 smaller in 2005.

The inflation-proofing transfer would be \$438 million smaller in 2000, and \$421 million smaller in 2005.

The distribution to the General Fund would be \$103 million larger in 2000, and \$80 million larger in 2005.

The distribution to fund education would be \$212 million larger in 2000, and \$229 million larger in 2005.

For Your Information: These projections are based on a certain set of basic assumptions; the numbers shown on these sheets would change if different assumptions were used. The assumptions used in the preparation of each projection are listed at the bottom of each projection sheet, and explained herein.

It is the Corporation's policy to use conservative assumptions wherever possible. Thus, the Fund's long-term rate of return is projected to average 3% per year after inflation; long-term inflation is projected to average 6% per year; and the assumptions for numbers of future dividend recipients and amounts of future dedicated State oil revenues are taken from the Department of Revenue's most recent "low case" forecast.

PLEASE NOTE THAT THE CORPORATION NEITHER SUPPORTS NOR OPPOSES ANY PROPOSED CHANGES TO THE CURRENT USE OF FUND EARNINGS, EXCEPT AS THEY MAY RELATE TO THE PROPER EXERCISE OF THE TRUSTEES' FIDUCIARY RESPONSIBILITIES AS REQUIRED UNDER THE PRUDENT INVESTOR RULE.



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS

(in millions)

as of December 31, 1988

PRINCIPAL

INCOME

FY	PRINCIPAL					INCOME					Reserves		FY	
	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall	Net Income	Per Capita Dividends	Inflation Proofing	General Fund	Add (Delete)	FY End Balance		
78			54		54									78
79	54		84		139									79
80	139		344		483									80
81	483	900	385		1,769						59	59		81
82	1,769	800	401		2,969						185	244		82
83	2,969	400	421	231	4,021						110	354		83
84	4,021	300	366	151	4,838						203	557		84
85	4,838	300	368	235	5,741						206	763		85
86	5,741		323	216	6,281						501	1,264		86
87	6,281	1,264	171	148	7,864						529	529		87
88	7,864		418	303	8,585						62	591		88
89	8,585		152	349	9,086						11	602		89
90	9,086		72	458	9,616						(121)	481		90
91	9,616		83	582	10,280						(94)	386		91
92	10,280		89	622	10,991						(75)	311		92
93	10,991		88	665	11,743						(85)	226		93
94	11,743		85	710	12,538						(100)	126		94
95	12,538		81	757	13,376						(123)	3		95
96	13,376		77	672	14,125	135					(3)			96
97	14,125		74	705	14,904	147								97
98	14,904		69	743	15,716	156								98
99	15,716		65	782	16,563	165								99
0	16,563		62	823	17,448	174								0
1	17,448		58	866	18,372	184								1
2	18,372		55	911	19,339	195								2
3	19,339		51	958	20,348	205								3
4	20,348		47	1,007	21,403	216								4
5	21,403		43	1,059	22,504	228								5
Cumulative Totals:														
	3,964		4,586	13,953	22,504	1,806	28,289	12,843	\$22,903.89	13,953	229			

ASSUMPTIONS:

4.00% Inflation Rate FY 89
9.01% Rate of Return FY 89

5.00% Inflation Rate FY 90
8.00% Rate of Return FY 90

* SOURCE: Alaska Department of Revenue
Low Case Forecast - November 1988

STATUS QVO

6.00% Inflation Rate FY 91-05
9.00% Rate of Return FY 91-05

** SOURCE: Population Projections From
Revenue Low Case Forecast - November 1988

#2

Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS
(in millions)

as of December 31, 1988

PRINCIPAL

INCOME

FY	FY Begin Balance	Appropriations	Dedicated State Revenues*	-----FY Ending Balance-----				Inflation Proofing Shortfall	Dividend Shortfall	-----Net Income-----					Distributions				Reserves		
				Education Endowment	Inflation Proofing	Education Endowment	Non-Ed PF Total			Combined Total	PF Total Endowment	Education Endowment	Education Endowment	Per Capita Dividends	Inflation Proofing	General Fund	Education Fund	Add (Dedate)	FY End Balance		
78			54				54			2											
79	54		84				139			8											78
80	139		314				483			32											79
81	483	900	305				1,769			150											80
82	1,769	800	401				2,969			368											81
83	2,969	400	421			231	4,021			471											82
84	4,021	300	366			151	4,838			530											83
85	4,838	300	368			235	5,741			658											84
86	5,741		323			216	6,281			1,071											85
87	6,281	1,264	171			188	7,864			1,069											86
88	7,864		418			303	8,585			789											87
89	8,585		152			349	9,086			818											88
90	9,086		72			135	9,293	323		715											89
91	9,293		83			176	9,629	484		880											90
92	9,629		89			374	10,092	583	74	912	16										91
93	10,092		88			412	10,592	611	80	955	50										92
94	10,592		85			453	11,130	641	87	1,002	87										93
95	11,130		81			498	11,708	673	105	1,053	127										94
96	11,708		77			546	12,332	707	107	1,107	177										95
97	12,332		74			599	13,005	744	108	1,166	221										96
98	13,005		69			657	13,731	785	109	1,229	275										97
99	13,731		65			720	14,516	828	111	1,297	334										98
00	14,516		62			389	14,966	875	112	1,371	399										99
01	14,966		58			392	15,416	902	114	1,413	434										00
02	15,416		55			394	15,865	928	115	1,455	469										01
03	15,865		51			397	16,314	955	117	1,498	505										02
04	16,314		47			400	16,760	982	118	1,540	541										03
05	16,760		43			402	17,205	1,008	119	1,582	577										04
Cumulative Totals:		3,964	4,586	6,407	1,847	6,809	18,396	17,205	12,028	1,474	25,088	4,208	5,524	8,448	\$15,445.36	1,847	6,722	2,925			05

ASSUMPTIONS:
 GOVERNOR'S EDUCATION ENDOWMENT PLUS \$575 MILLION APPROPRIATED FROM ERA TO GF ON JUNE 30, 1989, AND 20% OF NON-EDUCATION-ENDOWMENT PF NET INCOME APPROPRIATED TO GF EACH YEAR BEGINNING JUNE 30, 1990
 20% of PF Net Income to Education Endowment in FY 91
 40% of Non-Education Endowment PF Net Income to Education Endowment FY 92-2005
 100% of Education Endowment Income Transferred to Education Endowment FY 92-1999
 100% of Education Endowment Income Appropriated to Fund Education FY 2000-2005
 Only Education Endowment Income Excluded From Status Quo Dividend Calculations

* SOURCE: Alaska Department of Revenue
 Low Case Forecast - November 1988
 ** SOURCE: Population Projections from
 Revenue Low Case Forecast - November 1988

4.00% Inflation Rate FY 89
 9.00% Rate of Return FY 89
 5.00% Inflation Rate FY 90
 8.00% Rate of Return FY 90
 6.00% Inflation Rate FY 91-05
 9.00% Rate of Return FY 91-05

12/31/89



#3

Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS

(in millions)

as of December 31, 1988

PRINCIPAL

INCOME

FY	PRINCIPAL					INCOME					Reserves		FY	
	FY Begin Balance	Appro- priations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall	Net Income	Distributions Dividends	Per Capita Dividends**	Inflation Proofing	General Fund	Add (Delete)		FY End Balance
78			54		54						1			78
79	54		84		139						7			79
80	139		344		483						12			80
81	483	900	385		1,769						28	59	59	81
82	1,769	800	401		2,969			\$1,000.00			71	185	244	82
83	2,969	400	421	231	4,021			\$386.15	231	110		110	354	83
84	4,021	300	366	151	4,838			\$331.29	151			203	557	84
85	4,838	300	368	235	5,741			\$404.00	235			206	763	85
86	5,741		323	216	6,281		1,021	\$556.26	216			501	1,264	86
87	6,281	1,264	171	148	7,863		1,069	\$708.19	148			529	529	87
88	7,863		418	303	8,584		789	\$826.93	303			62	591	88
89	8,585		152	350	9,086		818	\$835.17	350			11	602	89
90	8,653		69	436	9,158		772	\$816.37	436			(115)	458	90
91	8,640		74	523	9,237		858	\$752.53	523			(85)	347	91
92	8,714		75	527	9,317		856	\$694.75	527			(64)	264	92
93	8,789		70	532	9,391		855	\$687.65	532			(68)	181	93
94	8,859		64	535	9,459		854	\$686.75	535			(76)	95	94
95	8,924		57	539	9,520		852	\$692.75	539			(88)	2	95
96	8,981		52	451	9,484	91	849	\$685.28	451			(2)		96
97	8,947		47	447	9,441	93	845	\$677.58	447					97
98	8,907		41	444	9,392	93	841	\$669.48	444					98
99	8,860		37	441	9,338	93	837	\$660.88	441					99
00	8,809		33	438	9,280	93	832	\$651.80	438					00
01	8,754		29	435	9,218	92	826	\$642.60	435					01
02	8,696		26	431	9,154	92	821	\$633.13	431					02
03	8,635		23	428	9,086	92	815	\$623.53	428					03
04	8,572		20	424	9,016	91	809	\$613.27	424					04
05	8,506		17	421	8,944	91	802	\$603.61	421					05

Cumulative Totals:	3,964		4,222	9,085	8,944	921	19,239	8,557	\$15,839.96	9,085	229			

ASSUMPTIONS: 4.00% Inflation Rate FY 89
 ----- 9.01% Rate of Return FY 89

5.00% Inflation Rate FY 90
 9.00% Rate of Return FY 90

* SOURCE: Alaska Department of Revenue
 Revenue Low Case Forecast - November 1988

STATUS QUO IN REAL 1989 DOLLARS
 (ADJUSTED FOR INFLATION)
 2/31/89

6.00% Inflation Rate FY 91-05
 9.00% Rate of Return FY 91-05

** SOURCE: Population Projections From
 Revenue Low Case Forecast - November 1988

#4

Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS
(in millions)

as of December 31, 1988

PRINCIPAL

INCOME

FY	FY Begin Balance	Appropriations	Dedicated State Revenues*		-----FY Ending Balance-----			Inflation Proofing Dividend		-----Net Income----- PF Total	Distributions					Reserves				
			Education Endowment	Inflation Proofing	Education Endowment	Non-Ed PF Total	Combined Total	Shortfall	Shortfall		Education Endowment	Dividends	Per Capita Dividends**	Inflation Proofing	General Education Fund	Education Fund	Add (Delete)	FY End Balance	FY	
88			54				54			2									78	
89	54		84				139			8									79	
90	139		344				483			32									80	
91	483	900	385				1,769			150			12					59	81	
92	1,769	800	401				2,969			368			71	\$1,000.00			28	105	82	
93	2,969	400	421		231		4,021			471			108	\$386.15	231		71	110	83	
94	4,021	300	366		151		4,838			530			175	\$331.29	151				84	
95	4,838	300	368		235		5,741			658			217	\$404.00	235				85	
96	5,741		323		216		6,281			1,021			303	\$556.26	216			501	86	
97	6,281	1,264	171		148		7,863			1,069			391	\$708.19	148			529	87	
98	7,863		418		303		8,584			789			424	\$826.93	303			62	88	
99	8,585		152		349		9,086			818			457	\$835.17	349		575	(564)	89	
00	8,653		69		129		8,850	308		680			441	\$798.45	129		136	(26)	90	
01	8,349		74	158	70	159	8,492	8,652	435	790		158	404	\$722.68	70		158		91	
02	8,162		75	317		468	8,087	8,555	494	773	14	304	304	\$533.03			152		92	
03	8,070		70	329		770	7,699	8,470	488	764	40	290	290	\$503.17			145		93	
04	7,990		64	342		1,069	7,328	8,396	483	756	65	276	276	\$474.96			138		94	
05	7,921		57	354		1,362	6,970	8,333	479	749	91	263	263	\$448.15			132		95	
06	7,861		52	367		1,652	6,628	8,279	475	743	116	251	251	\$422.66			126		96	
07	7,811		47	379		1,938	6,300	8,237	471	738	140	239	239	\$398.53			120		97	
08	7,771		41	392		2,220	5,984	8,205	469	734	165	228	228	\$375.68			114		98	
09	7,740		37	406		2,500	5,682	8,183	467	731	189	217	217	\$353.97			109		99	
10	7,720		33	207		2,566	5,394	7,959	465	729	212	207	207	\$333.47			103	212	0	
11	7,509		29	196		2,617	5,117	7,734	452	709	218	196	196	\$313.53			98	218	1	
12	7,296		26	187		2,655	4,854	7,509	439	689	222	187	187	\$294.62			93	222	2	
13	7,084		23	177		2,682	4,602	7,284	426	669	225	177	177	\$276.76			89	225	3	
14	6,872		20	168		2,699	4,361	7,060	414	649	228	168	168	\$259.24			84	228	4	
15	6,661		17	160		2,706	4,131	6,837	401	628	229	160	160	\$243.27			80	229	5	
Cumulative Totals:		3,964	4,222	4,140	1,833	2,706	4,131	6,837	7,166	855										
											17,447	2,153	3,321	6,195	\$11,800.15	1,833	4,015	1,335		

ASSUMPTIONS:

 REAL 1989 GOVERNOR'S EDUCATION ENDOWMENT PLUS \$575 MILLION APPROPRIATED FROM ERA TO GF
 ON JUNE 30, 1989, AND 70% OF NON-EDUCATION-ENDOWMENT PF NET INCOME APPROPRIATED
 TO GF EACH YEAR BEGINNING JUNE 30, 1990
 ADJUSTED 20% of PF Net Income to Education Endowment in FY 91
 INFLATION) 40% of Non-Education-Endowment PF Net Income to Education Endowment FY 92-2005
 100% of Education Endowment Income Transferred to Education Endowment FY 92-1999
 100% of Education Endowment Income Appropriated to Fund Education FY 2000-2005
 31/89 Only Education Endowment Income Excluded From Status Quo Dividend Calculations

* SOURCE: Alaska Department of Revenue
 Low Case Forecast - November 1988

.00% Inflation Rate FY 89
 .00% Rate of Return FY 89

** SOURCE: Population Projections From
 Revenue Low Case Forecast - November 1988

5.00% Inflation Rate FY 90
 0.00% Rate of Return FY 90

6.00% Inflation Rate FY 91-05
 9.00% Rate of Return FY 91-05

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



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

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members
FROM: Senator Pat Pourchot, Chairman
RE: April 21 Committee Hearing
DATE: April 21, 1989

On Friday, April 21 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

SJR 18, Proposing an amendment to the Constitution of the State of Alaska relating to income from the permanent fund

SJR 18 would amend the Constitution to specify that income of the permanent fund may be appropriated only for dividends, to the fund principal, for administrative costs of the fund, and for other purposes that a majority of the legislature and the voters approve.

A draft committee substitute that makes the following changes has been prepared:

- 1) Provides for a 2/3, rather than a 3/4, majority vote by the legislature.
- 2) Requires that the public renew its approval of SJR 18 every six years.

SB 214, An Act making a special appropriation to the principal of the permanent fund

SB 214 would appropriate the balance in the earnings reserve account of the permanent fund to the principal of the fund. The current balance is approximately \$604 million.

IN ADDITION, THE FOLLOWING BILLS WILL BE BACK BEFORE THE COMMITTEE:

SB 146. An Act allowing gaming devices on ferries

SB 146 would authorize the installation and use of video gaming devices on state ferries, with revenues from the games being appropriated to fund the operation of the ferry system. It is my intent to move this bill from committee on Friday.

SB 168. An Act authorizing gambling enterprises in municipalities

SB 168 would allow certain municipalities, by adoption of an ordinance, to operate a gambling enterprise. To be eligible, a municipality must have a substantial history of gambling and be substantially dependent on tourism. The bill would allow similar gambling operations on the state ferry system.

A draft committee substitute which makes the following changes is being prepared at the sponsor's request:

- 1) Eliminates the provisions regarding the ferry system.
- 2) Transfers the responsibility for state oversight of the municipal operations from the Department of Revenue to the Department of Commerce. This is consistent with Executive Order 74, which transferred games of chance and contests of skill.
- 3) Provides for a share of the gambling proceeds to be used for prevention programs, as well as for treatment and counseling of compulsive gamblers.

It is my intent to move this bill out of committee today.

HB 91. An Act relating to protection for certain public employees and certain other persons who report or participate in a proceeding connected with a matter of public concern

HB 91, the "whistleblower bill", would prohibit public employers from discharging, threatening, or otherwise discriminating against employees simply because they disclose information of public concern before a public body.

A draft committee substitute which makes the following changes is being prepared:

- 1) Exempts the Alaska Railroad. Current statute provides that employees of the railroad are not employees of the state.
- 2) Exempts municipalities that, by ordinance, adopt substantially similar protections. This exemption is

Committee Memo
April 21, 1989
Page 3

consistent with the resolution passed by the Anchorage Municipal Assembly.

A zero fiscal note prepared by the Court System is attached. It is my intent to move this bill out of committee today.

HB 138, An Act establishing a state employee incentive award system

HB 138 would establish a monetary incentive program to encourage employees to improve state operations. A draft committee substitute that makes the following changes is attached:

- 1) Requires an annual report to the Legislature detailing who received awards, the basis for each award, and the amount of the award.
- 2) Prohibits commissioners, deputy commissioners, assistant commissioners, directors, and deputy directors from receiving awards.

It is my intent to move this bill out of committee today.

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



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

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members
FROM: Senator Pat Pourchot, Chairman
RE: March 3 Committee Meeting
DATE: March 2, 1989

On Friday, March 3 at 2:00 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

SJR 30, Relating to location of a job corps center within the Matanuska-Susitna Borough

SJR 30 calls for the establishment of a Job Corps center within the Mat-Su Borough. Congress has appropriated funds for the development of six new centers throughout the country and the U.S. Department of Labor is accepting applications from the states. Alaska's application, submitted in December 1988, proposes use of the Goose Bay Correctional Center in Wasilla or Colony High School in Palmer.

The Job Corps program was established by the federal government in 1964 to provide intensive educational and vocational training to economically disadvantaged youth. Alaska does not have a Job Corps center and Alaskans who participate must go out of state.

THE FOLLOWING BILLS PROPOSE VARIOUS USES OF THE PERMANENT FUND EARNINGS RESERVE AND ADDRESS THE SIZE OF THE STATE'S BUDGET. IT IS NOT MY INTENT TO MOVE THESE BILLS TODAY.

SSSJR 5, Proposing amendments to the Constitution of the State of Alaska amending provisions relating to the Alaska permanent fund; establishing temporary provisions relating to dedicated funds, the Alaska permanent fund, the expenditure limit, and the budget stabilization fund; and suspending the operation of provisions relating to dedicated funds, the Alaska permanent fund, and the appropriation limit

SSSJR 5 would constitutionally dedicate permanent fund earnings:
50% dividends
30% inflation proofing
20% budget stabilization fund

March 3, 1989

Page 2

It would constitutionally establish a 1996 appropriation limit of \$1.4 billion. Limits for the preceding years would be established by law. Revenues in excess of the limit would be deposited as follows:

50% permanent fund

50% budget stabilization fund

Up to 25% of the budget stabilization fund could be spent in any year in which revenues were less than the expenditure limit.

The constitutional provisions would be repealed July 1, 1996.

SB 79, An Act relating to reductions in state budget levels for certain fiscal years

SB 79 is a companion bill to SSSJR 5 which calls for a 1996 appropriation limit of \$1.4 billion. SB 79 heads the state in that direction by calling for a 6.5% reduction in the state's budget in FY 90 and again in FY 91. It is assumed that this scheme will be continued once the appropriation limit is approved by the voters in November 1990.

A 6.5% reduction in FY 90 would be a reduction of \$144.8 million (from \$2228.1 million to \$2083.3 million).

SJR 18, Proposing an amendment to the Constitution of the State of Alaska relating to income from the permanent fund

SJR 18 would amend the Constitution to specify that income of the permanent fund be appropriated for dividends, to the fund principal, for administrative costs of the fund, and for other purposes that the voters approve.

SB 69, An Act providing for an advisory vote on the use of the earnings reserve account

SB 69 would provide for an advisory vote on distributing the balance in the earnings reserve account of the permanent fund as follows:

50% to the general fund

25% to the principal of the permanent fund

25% for a special dividend

SJR 18 CONSTITUTIONAL AMENDMENT RELATING TO INCOME FROM THE
PERMANENT FUND

NOTIFIED

SENATOR HALFORD, SPONSOR (THERESA MASER)

MARY HALLORAN, O.M.B.

JIM KELLY, PERMANENT FUND

LINDA EDGEWORTH, ELECTIONS

F.Y.I.

ESSENTIALLY PUTS INTO CONSTITUTION WHAT WE'RE DOING NOW AND THAT
A PUBLIC VOTE IS REQUIRED TO DO ANYTHING ELSE.

WE INCLUDED BACK-UP AT HALFORD'S REQUEST THAT SHOWS THE IMPACT ON
THE FUND, INFLATION PROOFING, ETC. OF SPENDING THE EARNINGS.
(THIS IS THE PINK HANDOUT HE HAD AT OUR ANCHORAGE HEARING.)

S18POOP.TXT
4/21/89

SJR 18 CONSTITUTIONAL AMENDMENTS REGARDING PERMANENT FUND

TO TESTIFY

SEN. HALFORD, SPONSOR

MARY HALLORAN, O.M.B.

F.Y.I.

C.S. MAKES 2 CHANGES:

PAGE 1, LINE 24 2/3 [3/4] LEGISLATIVE VOTE (PLUS
PUBLIC VOTE) TO SPEND FOR ANOTHER PURPOSE

PAGE 1, LINE 26 ON VOTERS MUST REAPPROVE THE
CONSTITUTIONAL AMENDMENT EVERY 6 YEARS

AT LAST HEARING (MARCH 6) HALLORAN TESTIFIED:

NEED TO DEFINE "INCOME" (PAGE 1, LINE 18)

CHANGE "OR" TO "AND" ON LINE 20, TO CLARIFY THAT EARNINGS
CAN BE USED FOR ALL OF THOSE PURPOSES

GENERAL OBJECTION TO SO SEVERELY RESTRICTING THE USE OF
THE EARNINGS

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 2-23-89
IN ACCORDANCE WITH UNIFORM RULE 23

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

FURTHER

JUD
FIN

DATE TURNED INTO OFFICE 4-22-89

1/25/89

Mr. President:

STATE AFFARIS

Committee considered

SJR 18

amendment to the Constitution of the State of Alaska relating to income from the permanent fund

and recommended:

replace with CS SJR 18 (St Aff) same title

attached amendment(s) and new title

_____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) attached zero
 appropriation no FN attached

fiscal impact
 Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Jan. Feb

all Adas - no Rec

Pat [Signature] no rec
Chairman signature and recommendation

Committee backup attached

*req. Tam Cook
3-10-89 3:30pm*

BY HALFORD, KERTTULA,
COGHILL, FAIKS AND
FISCHER

1 IN THE SENATE

2

CS SENATE JOINT RESOLUTION NO. 18 *(SJR 016)*

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

Proposing an amendment to the Constitu-

6

tion of the State of Alaska relating to

7

income from the permanent fund.

8

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

9

* Section 1. Article IX, sec. 15, Constitution of the State of Alaska,

10

is amended to read:

11

SECTION 15. ALASKA PERMANENT FUND. At least twenty-five percent

12

of all mineral lease rentals, royalties, royalty sale proceeds, feder-

13

al mineral revenue sharing payments and bonuses received by the State

14

shall be placed in a permanent fund, the principal of which shall be

15

used only for those income-producing investments specifically desig-

16

nated by law as eligible for permanent fund investments. Income [ALL

17

INCOME] from the permanent fund shall be appropriated to the principal

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of the fund, appropriated for distribution as dividends to state

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residents as provided by law, or appropriated for costs of administer-

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ing the permanent fund and the dividend program. However, notwith-

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standing Sections 1 and 14 of Article II and Article XI, an appro-

22

priation of income for other purposes may be made if [approved by

23

three-fourths of the members of each house and approved by a majority

24

of those voting in a statewide election [SHALL BE DEPOSITED IN THE

25

GENERAL FUND UNLESS OTHERWISE PROVIDED BY LAW].

26

* Sec. 2. The amendment proposed by this resolution shall be placed

27

before the voters of the state at the next general election in conformity

28

with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-

29

tion laws of the state.

*amendment
bill
subject
to
vote by
assembly
to
draft
with
no
use
resolution*

Original sponsors: Halford, Kerttula,
Coghill, et al.

adopted

*Changes in C.S.
noted.*

1 IN THE SENATE

2 CS FOR SENATE JOINT RESOLUTION NO. 18 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 Proposing amendments to the Constitution
6 of the State of Alaska relating to the
7 permanent fund.

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

9 * Section 1. Article IX, Constitution of the State of Alaska, is amend-
10 ed by adding new sections to read:

11 SECTION 17. ALASKA PERMANENT FUND. (a) This section applies in
12 lieu of Section 15 of this article.

13 (b) At least twenty-five percent of all mineral lease rentals,
14 royalties, royalty sale proceeds, federal mineral revenue sharing
15 payments and bonuses received by the State shall be placed in a perma-
16 nent fund, the principal of which shall be used only for those income-
17 producing investments specifically designated by law as eligible for
18 permanent fund investments. Income from the permanent fund ^[shall] may only
19 be appropriated to the principal of the fund, appropriated for distri-
20 bution as dividends to state residents as provided by law, or appro-
21 priated for costs of administering the permanent fund and the dividend
22 program. However, notwithstanding Article XI and Sections 1 and 14 of
23 Article II, an appropriation of income for other purposes may be made
24 if approved by ^[3/4] two-thirds of the members of each house and approved by
25 a majority of those voting in a statewide election.

26 SECTION 18. VOTER APPROVAL. Notwithstanding Article XIII,
27 Section 17 of this article shall be placed before the voters every six
28 years. If it is not approved by a majority of those voting, Sec-
29 tion 15 of this article applies until the next election is held on

1 Section 17.

2 * Sec. 2. The amendments proposed by this resolution shall be placed
3 before the voters of the state at the next general election in conformity
4 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-
5 tion laws of the state.

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FISCAL NOTE

REQUEST:

Revision Date: 3/1/89
Title: Proposing an amendment relating
to income from permanent fund
Sponsor: Halford
Requestor: Halford

Agency Affected: Office of the Governor
BRU: Division of Elections
Components: I Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	-0-	-0-	2.2*	-0-	-0-	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	2.2*	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	2.2*	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	2.2*	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

* Costs included cover 2 to 3 pages in each Official Election Pamphlet, for printing and typesetting, and costs estimated to cover computer program-ing requirements for vote (Continued)

Prepared by: Linda Edgeworth Phone: 465-4611
Division: Elections Date: _____

Approved by Commissioner: *Alpercentine* Date: 3/1/89
Agency: Division of Elections

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SJR-18

counting purposes. However, these costs are based on the assumption that all candidates and issues will fit on three ballot cards, which is the norm. It should be noted, however that should the inclusion of this issue require a 4th ballot to be printed, the cost increase would have to be calculated at 16 cents per ballot x approximately 320,000 voters. The total cost of printing the additional ballot card would be \$51.2.

Under these circumstances the fiscal note would be:

53.4

S J R

30

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SJR 30

SPONSOR Kertula

BILL TITLE Top corps center in Mat-Su Borough

DATE REFERRED 2-17-89

HEARING SCHEDULED 3-1-89

FISCAL NOTE PREPARED ✓ CoRA, Labor

SPONSOR CONTACTED Paula 3771

INTERESTED PARTIES CONTACTED

✓ Judy Knight, Dept Labor 2712

✓ Jim Gurke, CoRA 563-1955

✓ Jim Plasman 4750

ext 450
teleconference
direct
dial

Linda
Hurlbert

out till Mar 7
↳ Rosie Peterson, Gov's Council on Voc Ed 586-1736
Mary Stone

yes

↓
Adele Hoke
Karen
Ryals

Mary Malaka, DOE 2800

Linda Brown - works for private vendor 279-0531

OTHER

would be
in touch Fri

↓
Dorothy Jones
745-4801
(Tami)

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SJR 30

PUBLISH DATE: _____

FISCAL NOTE

Feb 24 1989

REQUEST:

Revision Date: _____
 Title: " Relating to location of a job corps center within the Matanuska-Susitna Borough."
 Sponsor: Kerttula and Szymanski
 Requestor: Senate State Affairs

Agency Affected: Labor
 BRU: Employment Security
 Components: Employment Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS.CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Judy Knight, Deputy Director
 Division: Employment Security

Phone: 465-2712
 Date: 2/23/89

Approved by Commissioner: Jim Sampson
 Agency: Department of Labor

Date: 2/23/89

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

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE _____
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

DATE TURNED INTO OFFICE 3-17-89

2/17/89

Mr. President:

STATE AFFAIRS

Committee considered

SJR 30

location of a job corps center within the Matanuska-Susitna Borough

and recommended:

replace with CS _____ same title
 new title

attached amendment(s) and

_____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) attached zero
 appropriation no FN attached

fiscal impact
 Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Jan Sub do pass
Tim Kelly
Rich Kelly

He Adams - No Rec
Paul Paul do pass

Chairman signature and recommendation

Committee backup attached

S30POOP2.TXT
3/17/89

SJR 30 LOCATION OF A JOB CORPS CENTER WITHIN THE MAT-SU BOROUGH

TO TESTIFY

SENATOR KERTTULA, SPONSOR (PAULA TERREL)

F.Y.I.

THE \$1 MILLION IS IN GOVERNOR'S RAILBELT ENERGY FUND PROPOSAL
INTRODUCED TODAY (SB 224, HB 227). WHAT IS THE EXACT WORDING?

REMEMBER THE 2 SITES PROPOSED: GOOSE BAY CORRECTIONAL CENTER
COLONY HIGH SCHOOL

C&RA WAS TO HAVE GONE OUT TO PUBLIC COMMENT LAST WEEK -- ANY NEW
NEWS?

SJR 30 LOCATION OF A JOB CORPS CENTER WITHIN THE MAT-SU
BOROUGH

TO TESTIFY

SENATOR KERTTULA, SPONSOR (PAULA TERREL)

✓ JIM GURKE, DEPT. COMMUNITY & REGIONAL AFFAIRS ON TELECONFERENCE

DEPT. LABOR

STEVE HOLE, DEPT. EDUCATION

*Linda Hurlbert, Gov's Council on Voc Ed
Mayor Dorothy Jones, Mat-Su 745-1982*

*• TELECONFERENCE WILL CALL HER
WHEN WERE DONE WITH GURKE*

F.Y.I.

THE BIG QUESTION IS WHY MAT-SU. FEDS ASKED STATE TO SUGGEST POTENTIAL SITES -- C&RA SUGGESTED 2 SITES IN MAT-SU. HOWEVER, C&RA IS GOING OUT TO PUBLIC COMMENT NEXT WEEK AND MAY RECEIVE INPUT ON OTHER SITES. U.S. DEPT OF LABOR HAS FINAL SAY -- THEIR ARCHITECTS ARE COMING TO ALASKA NEXT WEDNESDAY TO LOOK AT THE 2 MAT-SU SITES. THE RESOLUTION SHOULD MORE APPROPRIATELY ENCOURAGE A JOB CORPS CENTER IN ALASKA, RATHER THAN MAT-SU.

JOB CORPS IS A FEDERAL PROGRAM. HOWEVER, STATE'S APPLICATION SAYS: 1) GOVERNOR WILL SUBMIT LEGISLATION REQUESTING \$1 MILLION IN CAPITAL FUNDS TO MATCH \$1 MILLION IN FEDERAL FUNDS FOR FACILITY IMPROVEMENTS 2) SCHOOL FOUNDATION FUNDS WILL BE USED FOR HIGH SCHOOL STUDENTS ENROLLED IN JOB CORPS.

*↳ "will be part of Governor's
Railbelt Energy Fund proposal"*

250 ALASKANS CURRENTLY IN PROGRAM (OREGON, WASHINGTON, IDAHO).
MAT-SU SITE WOULD ACCOMMODATE 250.

1988/89 CONGRESS APPROPRIATED \$48 MILLION FOR 6 CENTERS -- KANSAS AND CONNECTICUT HAVE ALREADY BEEN SELECTED.

PRIORITY CONSIDERATIONS:

STATES WITHOUT A JOB CORPS CENTER (ALASKA IS 1 OF 12)
WHERE EXISTING FACILITIES CAN BE USED AT NOMINAL COST
WHERE CENTER WILL BE LINKED WITH STATE AND LOCAL PROGRAMS
ENHANCING SERVICES FOR DISABLED OR OTHERS WITH BARRIERS TO
EMPLOYMENT SUCH AS SINGLE PARENTS

JOB CORPS SERVES SEVERELY DISADVANTAGED YOUTH WHO TYPICALLY (1)
HAVEN'T SUCCEEDED IN THE TRADITIONAL SCHOOL SETTING, (2)
BEHAVIORAL PROBLEMS, (3) UNEMPLOYED AND LACK EDUCATION/SKILLS TO
OBTAIN JOB, (4) ARE POOR.

OTHER: CURRENT PARTICIPATION 50/50 NATIVE/WHITE
10% FEMALE



Official Business

Alaska State Legislature

Senate

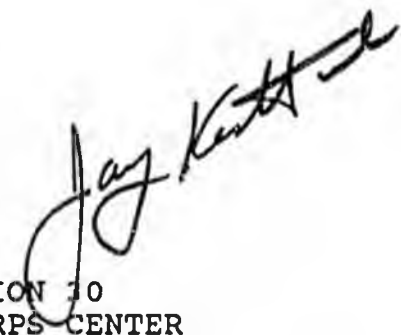
P.O. BOX V
State Capitol
Juneau, Alaska 99811

February 27, 1989

TO: Senate State Affairs
Committee Members

FROM: Senator Jay Kerttula

SUBJECT: SENATE JOINT RESOLUTION 30
LOCATION OF A JOB CORPS CENTER



SJR 30, which is before you in committee, requests that the Secretary of Labor consider locating a job corps center in the Matanuska-Susitna Borough.

Job Corps is a federally funded program under the Job Training Partnership Act, authorizing both residential and non-residential centers. The centers provide educational and vocational training to economically, socially or educationally disadvantaged youth.

The Job Corps program has been in existence for approximately 20 years and Alaska has been participating for almost the entire time. Because there is no job corps center located within Alaska, all the participants have attended out-of-state facilities in the Pacific Northwest. At present, approximately 250 youth are enrolled in the program.

Last fall, it was learned that Congress had appropriated additional funds for the establishment of six new Job Corps centers. The selection criteria were published in the November 1989 Federal Register. Essentially, the Department is soliciting competitive bids. The notice in the Federal Register indicates that preference will be given to those states who do not already have an existing Job Corps Center.

As a result, Governor Cowper wrote to the Department of Labor requesting the establishment of a Jobs Corps Center in Alaska. The Department of Community and Regional Affairs, as the lead state agency, submitted a formal proposal.

It is the opinion of the Administration and those who have been involved in the Job Corps program that an in-state

facility would serve an increased number of youth --including the handicapped and unwed mothers, who are at times limited in their ability to go "outside".

A job corps center in Alaska will result in a greater sensitivity to and awareness of the cultural differences which exist in Alaska and which affect the job training options.

As far as the actual location is concerned, the Department of Labor has indicated that they would prefer a site that is close to Anchorage and not in a remote area.

In November, the Department of Community and Regional Affairs recommended the former Goose Bay Correctional Institution in Wasilla as a potential site for a job corps center. Since then, it has also been determined that the site of the vacant Colony High School in Wasilla would be a feasible location.

The Department of Labor criteria, the availability of the sites in the Mat-Su Borough, and the fact that the Borough presently has the highest unemployment rate (over 12%) in Alaska, -- all provide the rationale for Senate Joint Resolution 30.

The timing of the resolution is also important. We have just learned that the Department of Labor is sending architectural personnel to Alaska at the end of the week to look at the Goose Bay site and the Colony School site. The actual decision on which states will be awarded funds for additional job corps sites will be made in March.

A project summary will also be put out for public opinion because the Administration wants to hear from other areas of the state.

Enclosed for your information is back-up information on the proposal which Alaska has submitted to the Department of Labor, together with letters of support from various groups throughout Alaska.

I would encourage the support of the Senate State Affairs Committee for Senate Joint Resolution.

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



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

907-165-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members

FROM: Senator Pat Pourchot, Chairman

RE: March 1 Committee Hearing

DATE: February 27, 1989

On Wednesday, March 1 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

SB 73, An Act relating to retirement incentive programs for the public employees' retirement system and the teachers' retirement system.

SB 73 would reestablish the Retirement Incentive Program for public employees. The proposed program is essentially the same as the original RIP except that the program's framework is established in statute with participation periods provided by law.

The original RIP, in effect from 1986 to late 1987, allowed retirement three years early for members of the Public Employees Retirement System and the Teachers Retirement System. A total of 2,346 employees of the state, the university, the public school system, and municipalities took advantage of RIP. An audit conducted by the Division of Legislative Audit (copy attached) indicates savings to the state over a three-year period of \$14,448,520. A survey of savings realized by political subdivisions that chose to participate in RIP is also attached.

SJR 30, Relating to location of a job corps center within the Matanuska-Susitna Borough

SJR 30 calls for the establishment of a Job Corps center within the Mat-Su Borough. Congress has appropriated funds for the development of six new centers throughout the country and the U.S. Department of Labor is accepting applications from the states. Alaska's application, submitted in December 1988, proposes use of the Goose Bay Correctional Center in Wasilla or Colony High School in Palmer.

March 1 Memo
Page 2

The Job Corps program was established by the federal government in 1964 to provide intensive educational and vocational training to economically disadvantaged youth. Alaska does not have a Job Corps center and Alaskans who participate must go out of state. The centers are federally funded.

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Falks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



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

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members
FROM: Senator Pat Pourchot, Chairman
RE: March 17 Committee Meeting
DATE: March 17, 1989

Today at 1:30 p.m. in the Beltz Room the following bills will be back before the State Affairs Committee:

SJR 3, Proposing an amendment to the Constitution of the State of Alaska relating to repeal of regulations by the legislature

A draft committee substitute providing for repeal of regulations by joint resolution rather than concurrent resolution is attached. Because Uniform Rule 49 requires that a joint resolution receive three readings and that its vote be recorded in the journal, these requirements have been deleted from SJR 3.

SJR 5, Proposing amendments to the Constitution of the State of Alaska amending provisions relating to the Alaska permanent fund; establishing temporary provisions relating to dedicated funds, the Alaska permanent fund, the expenditure limit, and the budget stabilization fund

SJR 5 would constitutionally dedicate permanent fund earnings (50% dividends, 30% inflation proofing, 20% budget stabilization fund), establish an appropriation limit, provide for deposit of revenues in excess of the appropriation limit (50% permanent fund, 50% budget stabilization fund), and allow for expenditure of up to 25% of the budget stabilization fund in years in which revenues are less than the appropriation limit.

A draft committee substitute which deletes the \$1.4 billion appropriation limit specified in the original bill is attached. Instead, annual appropriations would be limited to the level of appropriations made in the preceding year with an adjustment for inflation. Revenues within the spending limit that were not appropriated would be deposited in the Permanent Fund.

Committee Memo
March 17, 1989

SJR 30, Relating to location of a job corps center within the Matanuska-Susitna Borough

When SJR 30 was before the committee, questions arose regarding the state's financial obligation if Alaska should be chosen as the site for a job corps center. The state's application to the federal government indicated that we would contribute \$1 million to capital costs of the center. The funding question will be addressed by the bill sponsor at today's meeting.

SB 170, An Act relating to state procurement

A draft committee substitute, which incorporates the following two provisions discussed by the committee, is attached:

- 1 Authorization of the Alaska Railroad Corporation to adopt procurement procedures based on the competitive principles of the state procurement code but adapted to the special needs of the corporation
- 2 Exemption from the procurement code for guest speakers or performers for an educational or cultural activity

Six additional amendments are also attached:

- 1 Application of the Alaska business license
- 2 Abuse of the Alaska bidders' preference by firms that carry on limited business enterprises exclusively for the purpose of taking advantage of the preference
- 3 Increase of the dollar threshold for open competitive bidding
- 4 Exemption for purchases made outside the U.S. for use outside the U.S., and for contracts for hearing officers
- 5 Penalty for frivolous protest of a contract award
- 6 Definition of "state money"

It is my hope that we could move all of these bills out of committee today.

DEPARTMENT OF LABOR

Employment and Training
Administration

Job Training Partnership Act;
Selection of States for Job Corps
Centers

AGENCY: Employment and Training
Administration, Labor.

ACTION: Notice; request for comments.

SUMMARY: The Department of Labor requests information to assist in the selection of States for new Job Corps centers. This notice specifies the criteria for selection.

DATE: Comments are requested by December 5, 1988.

ADDRESS: Comments shall be addressed to the Assistant Secretary for Employment and Training, U.S. Department of Labor, Room N-4508, 200 Constitution Avenue, N.W., Washington, DC 20210, Attention: Peter E. Reil, Director, Office of Job Corps.

FOR FURTHER INFORMATION CONTACT: Peter E. Reil, Director, Office of Job Corps; Telephone: 202-535-0550.

SUPPLEMENTARY INFORMATION: The Department of Labor intends to open six new Job Corps centers. Congress appropriated \$48 million in the 1988/89 appropriations bills to undertake this effort. The Senate Appropriations Committee language specified the following criteria for the Department to take into consideration in its selection of sites for new Job Corps centers. In addition to a general assessment of need. These are: priority consideration to States currently without a Job Corps center; preference to States where existing Government facilities can be used at a nominal cost; preference to States which have demonstrated a commitment to linking a center with other Federal, State, and local employment, training, and education programs; consideration to States which have shown a commitment to utilizing the Job Corps program in conjunction with other training programs to meet the needs of individuals with other barriers to employment, such as single parents; priority consideration to enhancing Job Corps services for persons with disabilities."

Based on previously available information, the Department has selected 2 States which have a demonstrated need as well as explicitly meeting criteria in the Senate Committee language. These are Kansas and Connecticut.

The Department of Labor has received initial expressions of interest from several other States and will follow up with these States. This Notice solicits formal input from all interested States to assist in the selection of the remaining 4 center sites. Information which would be helpful to the Department includes any information related to the factors cited above from the Senate Committee language as well as other information demonstrating particular need.

The Job Corps program is designed and intended to serve severely disadvantaged youth in need of intensive services who typically (1) have not succeeded in the traditional public school setting, (2) have experienced difficulty in channeling their behavior and energies in productive ways, (3) are unemployed and lack requisite education and skills to obtain meaningful employment, and (4) are poor.

The Department hereby requests additional input from interested parties in order to assist in its selection process for the additional sites.

Signed at Washington, DC, this 31st day of October 1988.

Roberta T. Jones,

Assistant Secretary of Labor

[FR Doc. 88-25631 Filed 11-3-88; 8:45 am]

BILLING CODE 4510-30-M

Tim Sullivan 202 535-0556

Gov's letter

November 18, 1988

The Honorable Ann McLaughlin
Secretary of Labor
U. S. Department of Labor
200 Constitution Avenue, N. W.
Washington, D.C. 20210

Dear Secretary McLaughlin:

My purpose in writing is to express the State of Alaska's interest in and commitment to establishing a Job Corps site in Alaska, and to request your assistance in establishing this much needed facility in Alaska.

I understand that Congress has appropriated sufficient funds for development of six additional Job Corps sites throughout the country and that such funding is administered by the U.S. Department of Labor. Further, it is my understanding that preference is to be given to those states which currently do not possess a Job Corps site.

Alaska presently sends approximately 250 young people annually to sites in the Pacific Northwest. Recruitment and logistics are handled by an out-of-state contractor. We believe that the numbers of youth served could be substantially increased, and the youth-at-risk failure rate substantially decreased with establishment of an in-state site. Local control will favorably affect other criteria, such as the sensitivity to Alaskan Native cultural issues, coupled with a more intimate awareness of local labor market conditions and training options.

The center would create from 50 to 60 new Alaskan jobs, bring to Alaska an annual federal operating budget of about \$3 million, and a capital budget of from \$2 to \$6 million.

The Honorable Ann McLaughlin -2-

November 18, 1988

I am aware of the fierce competition resulting from so few opportunities being sought by so many states. There is broad support for the siting of a Job Corps center in Alaska. Attached are documents expressing that support. If you need more information, please do not hesitate to call me.

Sincerely,

S/S Steve Cowper

Steve Cowper
Governor

cc: Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young