

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672  
6697 SENATE STATE AFFAIRS

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**Treatment for Children of Abusers:**

68

One in four children in Alaska has an alcoholic parent. These children and those whose parents abuse other substances are much more likely to become substance abusers than children with non-substance abusing parents. Breaking this generational cycle requires special attention to these high-risk children.

More grant money is needed to educate and treat children of alcoholics and other substance abusers and dysfunctional families through schools, expanded outpatient treatment centers, support groups and camps for children of alcoholics.

**Substance Law Enforcement:**

69

Much testimony from around the state concerned the widespread violation of alcohol and drug laws. Current state statutes send a mixed message to youth. When young people see such disregard for the law and a double standard about substance abuse, they come to disrespect existing laws. They also suffer the effects of adult substance use, including domestic violence and child abuse, unemployment, neglect and poor health. Even a small increase in the cost of alcohol has been shown to lessen consumption, particularly among youth. Washington State is considering increasing its taxes and spending the revenue on prevention and treatment of substance abuse. For many young people tobacco consumption is their first experience buying and using substances the law prohibits them from using. Vending machines and tobacco sales in grocery and convenience stores make it possible for children to buy these products anonymously. The Alaska Lung Association discovered recently that even preteens can obtain them easily.

Greater state and local resources and greater emphasis need to be directed to enforcing laws that prohibit selling and providing alcohol, drugs and tobacco to minors. Such measures should include more hiring and effective training of law enforcement personnel, particularly in villages, and enforcement of penalties on adults who purchase for or sell substances to young people. Taxes on alcohol and tobacco should be increased. A review of the statutes regarding marijuana use should be conducted. Laws should require that cigarettes and chewing tobacco be sold in a restricted manner requiring adult supervision and preventing sale to children.

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*"Most children from substance abuse families do not know how to play. Life is far too serious to have developed that skill."*

—Bette O'Moor, Executive Director,  
Alaska Council on Prevention of  
Alcohol and Drug Abuse, Anchorage

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**Withholding Privileges:**

70

Youth participate in substance abuse for many reasons, including the desire to appear adult, please their peers, or escape boredom, pain or depression. The illegality of alcohol or drug use discourages few youth from substance use. Some states have enacted laws that delay the time when a youth can obtain a driver's license if that youth has consumed illegal substances. These states have found these so-called "use it and lose it" laws to be an effective deterrent. Other states have involved teen idols and other youth in education and training programs to provide role models for teens to say no to drugs.

Alaska should enact legislation that more effectively discourages substance use by withholding or delaying youth privileges such as driver's licenses. Communities and schools should involve youth and respected leaders in programs that help youth make wise choices about drugs in their lives.

**Fetal Alcohol Syndrome:**

71

When a pregnant woman uses alcohol, drugs or tobacco her newborn is at high risk of injury. Alcohol addiction is a part of daily life for many pregnant women in Alaska. When a pregnant woman is part of a family or community where alcohol abuse is the rule rather than the exception or when she or her partner are addicted to alcohol, the sad result is often a baby born with fetal alcohol syndrome (FAS) or fetal alcohol effect.

A baby with FAS can be born prematurely, at low birth weight and require extraordinary medical attention, special care through preschool, special education programs in school and potentially lifelong residential care in severe cases. These burdens on families and service providers can be prevented by addressing causes before and during pregnancy. Medicaid spent more than \$4.6 million in Alaska for 96 infants in newborn intensive care in 1986. Many of these infants had FAS.

Agencies involved in delivering substance abuse services should guarantee voluntary residential treatment programs for pregnant women who choose an alternative to drinking during pregnancy. Public education should continue to be provided regarding the effects of substances including alcohol, drugs and tobacco on the health of a woman and her fetus.

## TEEN PREGNANCY

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**T**eenagers who come from lower socioeconomic backgrounds, don't go to school, have difficulties in school, are unemployed or live with only one parent begin sexual activity earlier and are less likely to use contraception than other teenagers. Alaska Natives are affected far out of proportion to their percentage of the population. While divorce and single parenting cut across ethnic and economic lines, Alaska's divorce rate is 60% higher than the national average, second only to Nevada's, and no one comes here to divorce.

Although family life and sex education alone cannot prevent teenage pregnancy, national research shows that states with a higher proportion of high school seniors who have taken sex education have white teenage pregnancy rates 5 points lower than other states. Across and within Alaska's school districts the timing and comprehensiveness of health, sex and life skills education varies widely.

Low birth weight accounts for two of every five Alaska infant deaths. Teenagers have a higher risk of bearing low birth weight babies because of their physical immaturity and because they receive significantly less adequate prenatal care compared with older women.

More than a third of Alaskans are under 18, and the state has the second highest birth rate in the country. Unless we take strong and clear actions now, teenage pregnancy in Alaska will increase and so will the social and economic problems that accompany it: school dropout, unemployment or low wage employment, infants enrolled on Aid to Families of Dependent Children with higher than national rates of anemia and fetal alcohol syndrome, child neglect, single parenting and unstable marriages. These problems cost us money. So teenage pregnancy is a major emerging threat to Alaska's economic health.

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- Alaska's teenage pregnancy rate is 13% higher than the national average, the ninth highest in the country.

- The Native teenage pregnancy rate is estimated at 70% higher than the national average.

- Alaska's infant mortality rate is ninth highest in the nation.

- The children of teenagers account for 10% of births, but they account for 16% of infant deaths.

- Only 41% of non-white and 50% of white Alaska teenagers receive adequate prenatal care, resulting in low birth weight babies with a higher chance of death.

- While improvement has been made, Alaska still serves only 27% of those eligible for the federal Women and Infant Care program that provides basic nutrition, education and other services, placing us 48th lowest in the nation.

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**Adolescent Health Clinics:**

72

Comprehensive, adolescent health clinics in or linked closely to schools have reduced teenage pregnancy rates by 30% to 50% from 18 months to three years. These clinics also offer a major advantage: ease of access. Many teenagers do not plan well, have ready transportation or the funds to obtain health care in scattered locations. School clinics greatly reduce these barriers.

While contraceptive counseling or contraception has been a debated program of these now more than 100 clinics in the U.S., visits for non-family planning reasons account for two-thirds or more of clinic visits. Students seek general health care, including weight reduction, athletic physicals, stress reduction, cancer screening, and ear exams, not just or even mainly family planning. At a per student annual cost of about \$150, they are cost-effective.

The departments of Health and Social Services and Education should jointly fund and monitor a program of pilot comprehensive adolescent health clinics in schools. The clinics should offer a broad array of services related to general physical and mental health, family planning and substance abuse prevention.

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**Teenage Prenatal Care:**

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A comprehensive prenatal and infant care program is essential to ensure nutritional and medical care needs for healthy pregnancies and healthy children. In 1986, the U.S. Congress broadened states' ability to provide this care for poor women and their children and appropriated federal dollars to match state dollars. Families with incomes up to the poverty level can be included. Alaska has the ninth highest infant mortality rate in the nation, and the highest rate of postneonatal mortality. Low birth weight, which is significantly reduced by good prenatal care programs, is responsible for 40% of Alaska's infant deaths. Alaska's teenagers, just 50% of whom receive adequate prenatal care now, are more likely to have low birth weight babies. The new federal option allowed under the Sixth Omnibus Budget Reconciliation Act (SOBRA) has already been adopted by more than half the states. If adopted in Alaska, an estimated 974 additional women would receive pregnancy and postpartum coverage, and 5,000 children would have medical insurance coverage under Medicaid for their first five years of life. For every \$1 spent on women at high risk of having low birth weight babies, \$3.40 is saved in the surviving infant's first year of life alone.

Comprehensive prenatal care programs for teenagers and low income women should be created and funded through expanded Medicaid coverage options allowed under SOBRA. The programs would ensure medical care, access to community social services, adequate nutrition, and emphasize home visits to teenage parents by public health nurses or lay companions during the last three months of pregnancy through an infant's first birth. The visitors should teach parenting skills and monitor the health of mother and infant.

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### Child Care for Teenage Parents:

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Teenagers who become parents simply cannot stay in school without adequate child care. Teenage pregnancy is the primary reason young women drop out of school. While research shows that a teenager who drops out also has a higher chance of then getting pregnant, a teenager who first gets pregnant and then drops out has half the chance of ever completing her diploma. The occupational, parenting, health and social effects of that failure are well-documented.

Funds need to be appropriated to support a variety of child care options for teenage parents. Teenagers who are not yet parents can also learn parenting skills and the enormous demands of young children if child development centers are housed in schools. Parenting and life skills education that teenage parents receive in school can be made more realistic in the real setting of a good center.

Child care and other supports for teenage parents should be provided to enable them to stay in school.

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### Sex Education and Family Planning Services:

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Alaska's gonorrhea rate is seventh in the nation and our teen pregnancy rate is the ninth highest. AIDS is an emerging issue in our state as well. Despite these facts, and our best intentions, half of all teens have sexual intercourse before they leave high school. Since research shows that only one-third of sexually active teens regularly use contraception, an increase in contraceptive education as well as increased funding for family planning services for teens is essential as part of a comprehensive pregnancy prevention plan. Education can provide the skills to make choices about sexuality and a forum for discussing the health and emotional risks of early sexual involvement, as well as information about contraceptives that includes both risks and benefits in preventing teen pregnancy and sexually transmitted diseases. Preventing pregnancy among those teens who choose not to abstain is an important goal.

Education about sexuality should be more widely available to teenagers, as should family planning counseling and services to help prevent pregnancy. These programs should stress the health and emotional risks of early sexual involvement and ways to prevent pregnancy and disease if youth choose to engage in sexual activity. Education for parents to help them as sex educators of their own children should also be supported to help delay the onset of sexual activity and improve family communication.

## RUNAWAY YOUTH

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**N**o child is safe on the streets. Runaways have a higher likelihood of committing suicide, becoming pregnant, dropping out of school, abusing drugs and becoming juvenile prostitutes. While as a group runaways are not more likely to commit other types of crimes, chronic runaways are more likely to engage in violent crimes and crimes to support themselves.

In Alaska, statewide statistics are spotty and of limited accuracy. In Anchorage, reasonably reliable and valid data collected for 1985 indicate that about 11% of Anchorage youth, about 3,600, were at risk of becoming runaways, or "throwaways," children literally cast out on the street.

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*Runaways have a higher likelihood of committing suicide, becoming pregnant, dropping out of school, abusing drugs and becoming juvenile prostitutes.*

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Substance abuse, family breakup, another family member having run away, high amounts of total life stress increase the chance a youth will run away from or be thrown out of home. For all runaways, throwaways and their families who do not receive effective help, the likelihood is that a cycle of being victims and victimizers will be created at enormous personal and social cost. Past efforts to deal punitively with runaways and throwaways without appropriate follow-up services have been shown ineffective. The state should help keep families together when appropriate through a variety of support services that recognize the family as the basic unit of society.

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- Urban statistics show a runaway rate in Alaska several times the national average.
  - At least two-thirds of runaway youth say they have been abused at home.
  - 80% of runaway youth say family problems led to their running away.
  - 25% of runaways may become chronic, habitual runaways who are more likely to become criminals.
  - Runaways and throwaways are much more likely to become teenage prostitutes, victims of suicide and drug abusers than non-runaway youth.
  - Each year, at least 1,100 runaway youth are reunited with their families in Anchorage alone.
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**Comprehensive Runaway Program:**

76

No state agency is responsible for or now has all the resources needed to deal with all runaways and throwaways. The Division of Family and Youth Services is responsible for runaways or throwaways who have been abused, who have broken the law or who choose to accept the services available through the division. An abused runaway or a runaway who accepts services is handled by Family Services and a runaway who violated the law would be handled by Youth Services. Children whose only crime is substance abuse are often not adjudicated, leaving them to make crucial decisions about their lives in a drug-induced haze. Even the child who makes it into the social services system often will be treated with an uncoordinated, hit-or-miss approach. Agency response is minimal or non-existent for runaways who are not abused, who have not broken the law or who refuse to accept services. Runaway and throwaway children are at the mercy of the streets, unprotected.

A new comprehensive program should be developed to serve runaways, throwaways and their families. This Department of Health and Social Services unit would combine the now separate functions of Family Services and Youth Services to diagnose, develop a treatment plan for runaways, throwaways and their parents, and provide crisis intervention and referral to other community resources. Unit members would include probation officers, social workers and a mental health clinician. A data tracking system should also be developed with appropriate client confidentiality safeguards.

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**Family Counseling:**

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Families experiencing divorce have an especially high risk of a runaway child. In Alaska, approximately seven of 10 marriages end in divorce as opposed to the national figure of five of 10. Insufficient funds are devoted to counseling families at high risk of having a runaway, especially for families experiencing divorce. Earlier screening, home visits with identified high risk families and special incentives for parents to learn parenting skills, a job for which few of us ever train, would increase this prevention effort. Additional efforts would include modest support for groups of largely volunteer parents willing to offer parent support groups and for resources such as a state-wide, toll-free, parents only, 24-hour crisis line.

Resources should be made available to existing community and state agencies and the private sector to increase youth and family counseling and education services provided to families in divorce, single parents and stepfamilies.

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## Shelter, Emancipation and Independent Living Programs:

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Runaways are a diverse group with diverse reasons for running away from home. They need diverse services. Most runaways eventually reunite with their families. Some need independent living programs because returning home is either impossible or inappropriate.

In Anchorage, the only options for a family dealing with a runaway are for the youth to return home, be placed in a short term shelter, or be committed to Alaska Psychiatric Institute if "gravely disabled or suffering from mental illness." Very few beds are available for youth neither delinquent nor in state custody—perhaps 10 at most. A new shelter, Covenant House, is being developed with state and private support, but this facility will focus more on the 16 and older runaway, as well as more chronic runaways, still leaving gaps in service for younger, first or second time runaway youth. More shelter space is needed, with short and longer stays possible, since now only a one- or two-week shelter stay is possible.

In addition, older Alaska teenagers who are emotionally, socially and economically competent to lead an independent life have often left home to seek employment especially in boom periods. However, Alaska statutes do not define the conditions, including age, that a juvenile must meet to be declared competent to lead an independent life. Alaska statutes need to be changed to define the competency a juvenile must demonstrate to be emancipated and to allow youth to be placed in a program where they are not under direct supervision.

Supervised independent living programs for older youth who can or should not return home practically do not exist. A modest increase in funding for these youth, and the statutory change needed, could prevent further child protection and juvenile justice problems.

A broader variety of shelter programs offering brief to long stays should be funded for runaways and throwaways who are not delinquent or in state custody.

The Legislature should define the criteria for emancipation of minors.

The state and licensed agencies need more funds and changes in the law to allow them to place youth in independent living programs.

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*Runaways are a diverse group with diverse reasons for running away from home. They need diverse services.*

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**Reunited Families:**

79

Most runaway programs are devoted to crisis intervention. Once a runaway youth has been reunited with his or her family, a second running away might occur if family members' behaviors and interactions remain the same. Since 80% of runaways say family problems caused them to run, the family system needs help to prevent repeat runaways. In Anchorage alone, at least 1,100 runaways are estimated to return home each year, indicating a large need for aftercare. Mediation between runaways and family members works. Special attention should be devoted to the siblings of runaway youth, since they are also at high risk for becoming runaways.

Programs should be funded to help families reunited with a runaway or throwaway child after the reunion, particularly to counsel other children in the family.



## DROPOUTS

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**Y**oung people who don't complete high school become an economic drain on their community and state. They lack the basic skills to compete for and succeed in the jobs that will expand most during the next 20 to 30 years. Experts expect that nationally there will be far fewer low-skill, high-paying jobs. More than 80% of the jobs in 2000 will be in the service sector, many of which we haven't even imagined yet.

In Alaska, we're all familiar with stories of teenagers who quit school in the oil boom years to make a bundle on the North Slope. No such option exists today or is likely to exist for a generation. People with few skills will be stuck in low paying jobs at best. At worst, they will be regularly or permanently unemployed. Collectively, the armed forces reject 600,000 out of 1.8 million applicants annually now because these young men and women don't have the technical skills or can't be trained cost effectively. The costs of health and social fallout from poor school completion rates and low skill levels among many graduates will amount to many times more than the costs of preventing these problems. Dropping out of school is one of the strongest predictors of future social dependency.

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- Alaska graduates two-thirds of its youth by their 18th birthday, making it the 37th lowest state in the nation.

- Although half of those who leave early eventually get a GED or complete school, dropouts cost Alaska as much as \$17 million a year in lost revenue and remedial expenditures.

- The majority of people in the nation's jails are dropouts.

- Dropouts are twice as likely to be substance abusers.

- Dropouts are 60% less likely to be employed over the next decade and, when employed, will earn one-third less than graduates.

- Native youth have dropout rates several times higher than non-Natives.

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*"Alternative schools are more expensive than traditional schools but much less expensive than jail."*

—Jerry Hartsock, Principal, McKinley  
Alternative High School, Fairbanks

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**Defining Children at Risk of Dropping Out:****80**

Students who are at high risk of dropping out or having a marginal school experience are often identified too late to help them effectively. Students who exhibit easily observable behaviors in junior high that we know predict likely dropouts are more likely to receive attention than quieter students or elementary students. Native students are especially at risk of dropping out. In Fairbanks, for example, 72% of 1982's freshman Natives did not graduate four years later.

The State Board of Education should define "children at risk of dropping out of school" and establish minimum standards to help them. An effective system should be developed to identify at least by the fourth grade, students likely to drop out and assist them to successfully complete school. Attendance, performance and literacy should be considered. Parents should be notified quickly of their children's needs.

**Alternative Education Programs:****81**

Once potential dropouts are identified, too few resources are devoted to effective alternative education and a variety of supportive services. In Fairbanks, for example, alternative junior and senior high schools have lengthy waiting lists for prospective entrants. Studies indicate that 75% to 80% of high risk youth can be saved from dropping out, or returned to school, through flexible alternative programs. California and Oregon have mandated alternative programs in all school districts.

Once a student has left school, sporadic efforts are made to encourage that student to re-enter or to obtain a diploma through correspondence or GED. Helping juveniles who have been jailed to complete their degree is good basic crime prevention, since their recidivism rate is much lower than youth without a high school diploma.

The Legislature should offer financial and other incentives to districts that develop a variety of alternative education programs for students, especially at the elementary level, likely to drop out, as well as re-entry programs for those who have already dropped out.

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**Uniform Dropout Definition:**

82

The Alaska State Board of Education does not require that school districts uniformly define and report students who dropout, making overall state figures inaccurate and in-state comparisons difficult. Students who withdraw for reasons related to poor attendance, achievement or social/family conditions are a failure of our system, yet they are frequently not counted as dropouts.

Uniform definition and reporting standards should be developed and monitored so that dropout statistics are comparable across the state. A tracking system, begun with an exit interview with each student who withdraws from school, should be developed and established in and between school districts.

**Truancy and Suspension:**

83

The primary response to truancy seems to be suspension or expulsion if the truancy becomes too great. To encourage attendance by a student who wants to stay away from school, we prevent that student from attending school. This pours these youth out on to the streets and contributes to runaway and dropout problems. In Anchorage, statistics from the past three years show that attendance problems were the single largest reason for dropping out. Expansion of alternatives like in-school suspension should be considered.

Any punishment that decreases a youth's connection to school or family increases that youth's chances of running away or developing additional problems. Computer dialing to notify parents when their children are absent is not a deterrent, since parents never know an automatic call has been made to their home if a child answers it and does not inform them.

School districts should create local working groups to review truancy and suspension policies. They should encourage enforcement of truancy laws and alternatives to out-of-school suspension and expulsion, such as in-school suspension, community service, home-based instruction, supervised correspondence study and out-of-building programs. Truancy should be treated as early warning of a possible runaway. Parents should be immediately notified of absences.

School districts must not use suspension or expulsion as disciplinary measures except as a last resort.

## Multicultural Experiences:

84

Testimony from Native youth underscored the key role that feelings of discrimination and cultural distance play in Native youths' emotional, spiritual and physical health. All young people in Alaska must better understand and respect a variety of cultural traditions to reduce prejudice and discrimination. Native youth have twice the dropout rate of non-Natives, and testimony the Commission heard repeatedly emphasized the role of cultural discrimination in the low self-esteem of many Native youth. Countering this discrimination can help prevent dropout.

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*All young people in Alaska must better understand and respect a variety of cultural traditions to reduce prejudice and discrimination.*

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Schools should provide more multicultural experiences so students will appreciate their own and other cultures. These experiences should include the study of oral traditions, literary and historical works that communicate basic concepts about cultures, rural-urban exchange programs between teachers, staff and students and similar approaches. Elders should more frequently be asked to teach Native languages, survival skills, crafts and history in schools.





## ISSUES WE DID NOT TACKLE:

### Children in poverty in Alaska

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**C**hildren in poverty in our state is the single most important issue we could not adequately address. Our children's greatest enemy is poverty. The Children's Defense Fund estimates that 1 in 6.5 Alaskans under 18 live in families whose income is below the poverty line. Poor children are far more likely to be victims of the problems we've discussed at length in this report—inadequate child care services, dropouts, substance abusers, runaways, pregnant and parenting teens, suicides.

Across the nation, older and younger Americans have switched places over the last 20 years. Children are now the age group most likely to be poor and those over 65 the least. Allocation of resources partly accounts for this deterioration of children's status. Federally, it's estimated that we spend 30% of our national budget on older people, versus 3% to 5% on those under 18. In Alaska, the Legislative Research Agency concluded in spring 1987 that over the last few fiscal years we have been spending six to eight times more on seniors for discretionary programs than we have for children.

Defining the broader economic development strategies basic to reducing poverty and lessening its effects in Alaska is beyond the scope of our work. We can appropriately address, in our future work, strategies in three areas that can help children keep or get out of poverty: welfare reform; ways to mitigate the economics of divorce; and the employability of young people in an economy that has a greater diversity of job opportunities.

#### **Welfare Reform.**

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Welfare reform is the catchword for legislative proposals aimed at moving people from welfare dependency into economic independence and for preventing welfare dependence. The original Aid to Families with Dependent Children

(AFDC) system was designed for widows and orphans. Yet today, the system increasingly serves single mothers, particularly unmarried teen parents, and their children. Half of the more than \$12 billion spent by the federal government on AFDC in 1983, for example, went to families in which the mother had her first child as a teenager. In Alaska each month, the food, shelter and medical care of 12,000 children are met by AFDC.

Welfare reform offers mothers and children on welfare the following services:

1. Remedial education to provide basic skills in reading and writing or learning English, so welfare recipients can compete for jobs. Recipients are helped to earn a high school diploma.
2. Training ranging from specific occupational skills to how to fill out a job application and have a positive work attitude.
3. Job opportunities for recipients who are ready to seek work.
4. Support services such as quality, affordable child care, affordable health care and transportation.
5. Case management so one person helps the recipient through the maze of programs and encourages the learning of independence.
6. A social contract or plan in which the obligations and responsibilities of the recipient and the government are spelled out.

For children, welfare reform must extend beyond assisting their parents to move from AFDC to economic independence. Welfare reform must prevent dependency from claiming another generation. One part of welfare reform is helping people get off welfare. The other half is preventing people from ever getting on.

The following welfare reform proposals aim to keep the next generation off welfare:

1. Prenatal health care reduces infant mortality, saving long-term health costs for babies born with developmental disabilities and preventing costly neonatal intensive care.

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*Children are now the age group most likely to be poor and those over 65 the least.*

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2. Children's health care from childhood through the teenage years protects our children's physical and emotional health.

3. Family resource programs meet the needs of young parents who feel isolated and frustrated as they try to work and raise children without the extended family or more often, without a spouse. Resources may include child development classes, information and referral services, nutrition counseling, hotlines, peer support groups, parent-child communication skills and positive disciplining techniques.

4. Child care helps move individuals from welfare dependency to independence and helps prevent problems.

5. Recreation provides young people and positive ways to use free time.

A successful welfare reform proposal for Alaska must address the child care needs of AFDC parents, who cannot seek, get trained for, or hold down a job without quality, affordable care for their children. It must address the impact of current policy in Alaska, which provides AFDC only to single parents. Half the states have adopted the AFDC Unemployed Parent option which provides benefits to two-parent families, which keeps families together.

The proposal must address the gap that occurs when many AFDC recipients try to leave the rolls for employment, only to find that they lose Medicaid health coverage yet don't earn enough to afford other health insurance. That alone has kept Alaska families on AFDC rolls longer than necessary. New Jersey's new REACH program incorporates some of these proposals and will be a useful model to watch. In the New Jersey program, the federal government will allow any savings that result from requiring participants with children as young as two years to seek or train for work to be kept and recycled. Child care and transportation are provided. In addition, New Jersey's program allows 600 recipients who agree to become family child care providers to keep a larger portion of their public assistance despite earning income. New Jersey will also keep new workers eligible for Medicaid benefits for 12 months after they become employed.

Finally, a Washington State proposal may offer some lessons on unemployment compensation. This proposal is being implemented with Job Training Partnership Act (JTPA) participants in Washington and enables individuals to keep their first 90 days of income from starting a new business, without any loss of unemployment compensation benefits.

### **Mitigating the Economic Impact of Divorce**

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Children are likely to suffer significantly from a decreased standard of living following divorce. Parents have the primary responsibility to support their children and must make every effort to do so. Child support is a child's right, not a custodial parent's right. Aggressive measures are necessary to enforce this right.

The Alaska Women's Commission study on the economic impact of divorce is clear: divorced women and their children experienced a 33% decline in per capita income following divorce, while divorced men saw their per capita incomes rise 17%. Since Alaska's divorce and birth rates are second highest in the nation, thousands of children are adversely affected here each year. The scope of need can also be measured by noting that, from FY84-FY87, the caseload of the Child Support Enforcement Division increased by 6,000 cases, or an average of 30% each year, with no increase in enforcement personnel.

Child support enforcement is a key ingredient of lessening this economic impact, since women have sole custody nearly 60% of the time and joint about 20%. In 80% of the divorces involving minor children, child support is awarded. Yet, only half of custodial parents receive their full award. The average award is just \$191/month, less than half the amount needed for adequate child care.

Civil Rule 90.3, adopted by the Alaska Supreme Court in August 1987, is intended to improve the size of the initial award by making a change from the past. A new presumptive guideline sets aside 20% of the non-custodial

parent's adjusted income for child support. The changes in financial support so awarded should be closely monitored to ensure that this effect is achieved.

Civil Rule 90.3 does not address the non-payment of support. The Alaska Women's Commission study documents the success of the Child Support Enforcement Division in obtaining at least partial relief in the majority of non-payment cases, but the alternative of automatic income withholding deserves review. Wisconsin is among the states that use this procedure, where child support is automatically deducted from paychecks, unlike our present system when a default first has to occur and then a procedure is set in motion to begin withholding.

Finally, we emphasize our previous recommendations on making quality child care affordable and accessible for all working parents or parents in training, especially for single parents. These child care recommendations are an essential part of helping single working parents get and stay out of poverty and improving their children's economic chances.

### **Youth Employment Options**

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We believe many of our recommendations will help reduce poverty among future generations of Alaskans, through providing young people with the tools for economic productivity. Recommendations such as the following will help meet that goal:

- increased nurturing of our children through incentives for developing parenting skills;
- preparation of young people through skills for living curriculums that emphasize decision making, problem solving, communication and parenting skills;
- increased opportunities for young people to contribute to their communities through service; and
- increased resources devoted to dropout prevention, early identification of high risk children, and alternative education programs that enable all children to learn basic academic and life skills.

The importance of basic reading, writing, speaking and critical thinking skills cannot be overstated. The National Longitudinal Study of Young Americans found that students in the lower third on performance in these areas were three to five times more likely to become teenage parents than students in the top third. Among poor students with poor basic skills, the chances of pregnancy and teen parenthood were almost identical among whites, blacks and Hispanics. Ensuring basic skills helps directly through increasing ability and indirectly through prevention of dropouts and teen pregnancy.

We must support schools and teachers in teaching students how to learn to learn, not just what to learn. A recent Committee for Economic Development survey of 1,200 corporate leaders found this ability to learn new things, followed closely by problem solving and communication abilities, were the most important factors in getting ahead, at least in those cash-based economies. Districts that expand offerings in such instruction should receive incentives for doing so.

We should rethink our JTPA and Vocational Education programs too. Job specific skills should be taught primarily within a framework of helping learners make critical choices and develop general thinking skills. If curricula have these fundamental qualities, then perhaps the Governor's Council on Vocational Education proposal for allowing high school graduation requirements to be met through appropriate vocational courses would be acceptable and an excellent way to better the readiness of those 70% of youth who do not go on to college. We could focus more on teen parents in our JTPA programs too. They are only an estimated 10% of Alaska's JTPA enrollees, and yet many teen parents are among those most significantly mired in the poverty cycle.

Preventing teen pregnancy and mitigating its effects through policies that help teen parents complete schooling and career training are prime ways to break the poverty cycle. Our recommendations address these issues, and we emphasize that they must be included in the

range of policy options that we hope will significantly reduce and prevent poverty in Alaska.

Addressing the fundamental problem of children in poverty calls for much more in-depth work, particularly in suggesting how, beyond our current recommendations, we can best assist Alaska's Native youth as they inherit a world of mixed cash and subsistence economies, and the different abilities required for success in each. This overview is only a beginning.

### **Parents at Home**

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Alaska parents who choose to stay home and to nurture, care and educate their young children also have needs for their children and themselves such as parent support groups; respite care; parks and indoor play areas designed for young children; medical, dental and mental health care; cooperative play groups or schools; quality, affordable, accessible child care in exchange for volunteer hours; and a community that is hospitable to young children and families.

The Commission heard parents plea to have their needs addressed in this report. They are not. For Alaska to have a statewide, first class, child care system, these concerns need to be addressed.

### **Indian Child Welfare Act**

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The goal of the Indian Child Welfare Act (ICWA) is to protect the best interests of Indian children and preserve tribal integrity by reducing the number of Indian children removed from Indian homes. In Alaska, the passage of ICWA has led to a reduced frequency of foster care or adoptive placements in non-Native

homes for Alaska Native children and more awareness by state administrators, judges and social workers about the critical roles of culture and the tribe in a Native child's life. The Department of Health and Social Services is responsible for ICWA implementation in Alaska.

ICWA provides a needed vehicle for Alaska Native villages to have the power to make significant decisions about the well-being of individual children and to advocate on behalf of all Native children. At least 30 percent of the children in the child protective system of the Division of Family and Youth Services are Alaska Natives.

For more than a year, Alaska Native representatives have been meeting with state social workers and lawyers to negotiate state-tribal agreements about how villages and state social workers can best meet the needs of Native children in daily child welfare practice. This kind of good faith negotiating needs to continue for the act to be fully implemented in Alaska. The issues underpinning the act's implementation have not lent themselves to any easy resolution.

Tribal sovereignty, the relationship between Native villages and the state child welfare system, and various values and laws must be addressed for the act to do the job for which it was intended. If the act's goals are to be achieved, then the socioeconomic conditions of Alaska Natives must be improved.

The implementation of ICWA is too important and complex for the Commission to adequately address in the short time allotted for this initial work. At the same time, the critical issues of ICWA implementation are so important and complex that they must be fully tackled in the Commission's future work. Resolution of those issues are central to the future health and well-being of Native children, families and communities.

## BRIDGE TO THE FUTURE: THE NEXT STEPS



*"Please designate money in the budget because we are the future."*

This Native youth spoke for all Alaska's children and youth. We often call children our greatest natural resource, but we don't often back that statement with hard cash. When we do, we too often spend the money on saving drowning people instead of figuring out why they're falling in the river.

The recommendations in this report are just a beginning to change these priorities, change direction. We have just scratched the surface. In the future, for example, we should also suggest ways of assisting parents who "work" by staying home to raise their children. We should develop better ways to respond to the needs of rural communities. We should talk about how our basic economic policies create the framework in which families can either

provide for their children or in which children's basic needs are unmet, leaving them open to a life of emotional risk and economic dependency. We must discuss much more extensively the role of the schools as the one institution through which almost all children pass, about the need to assist the educational system to ensure that children achieve academic excellence as well as develop the whole child. We should consider children with developmental and learning disabilities and how we can ensure that their future is as bright as children without these special needs. These issues and others like them await future Commission work. There is still much to be done.

In the early 1970s, Alaska had an Office of Child Advocacy. In time, it seemed its original purpose had been served, and this voice for children was disbanded. If nothing else, the Governor's Interim Commission on Children



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and Youth has learned that Alaska's children need that voice on their behalf. If we are to have equity across generations, children's needs cannot be addressed every 10 years or so with a new Commission or advocacy effort.

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*We often call children our greatest natural resource, but we don't often back that statement with hard cash.*

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Ten years from now, Alaska's children still won't be able to vote. Who will speak for them?

This recognition has led the Interim Commission on Children and Youth to the following key recommendation:

### **Permanent Commission: 85**

The Legislature should establish a permanent Commission on Children and Youth to advocate for continuing support for Alaska's children and youth and to address many other issues we did not cover. Other urgent and important issues brought to the Commission that were not addressed because of time constraints deserve the research and discussion we devoted to those issues presented here. These additional issues and our initial work on them are the legacy we pass on.

The Commission would develop a comprehensive service plan for children, youth and family that focuses attention on children and youth and their place on our public policy agenda. This plan would include the full development of an implementation plan for the recommendations in this report. The Commission would also promote prevention efforts aimed at healthy child development and would continue to investigate the important issues this Interim Commission could not adequately pursue. The Commission would also have the following responsibilities:

a. serve as a statewide clearinghouse of model programs and resources for technical assistance,

b. require all departments to identify in the budget process and describe the purposes of the resources they devote to children and youth,

c. prior to each annual legislative session, convene officials and citizen groups to formulate recommendations on proposed legislation or code changes and develop mechanisms to review and coordinate advocacy during the session,

d. advocate for studies and basic data collection on children and youth to fill a distressing amount of gaps in the census data we have on our children. This would also include studies such as the Minnesota Adolescent Health Survey that ask children and youth to tell adults what their perceived needs are so that we can bring an expanded children's voice into the planning process.

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*If we are to have equity across generations, children's needs cannot be addressed every 10 years or so with a new Commission or advocacy effort.*

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Washington State and Nebraska, among others, have recently constituted ongoing children's commissions through legislative actions. Their models are available for us to consider.

The critical role of an ongoing Commission would be as a strategic planning nerve center and advocate for children's issues, a place where an opinion can be offered on the impact of government policies on children and families, just as we must prepare environmental impact statements to guide development strategies.

During 1988 and beyond, a permanent Commission will play these roles. In addition, the Governor's Interim Commission on Children and Youth received a federal grant, "Youth 2000," that will enable us to stimulate and

support several pilot projects that put into action some of these recommendations for enhancing youth's economic self-sufficiency.

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Through these activities, Alaska's children can be assured of having a sounding board at the state level, a body whose principal responsibility would be to ensure quality in children's programs and an ongoing awareness that children's well-being must be high on everyone's public policy agenda. We know that genuine solutions mandate social change. These require committed effort, creativity and innovation to cut across the boundaries that can divide governmental departments from each other, and government from families and community institutions. An ongoing Children's Commission can help bridge these boundaries.

Always, where our children are concerned, we must have a vision. Visions are not always practical, but they represent the best, the ideal we hope for. Apart from our formal recommendations, here are some of the ideals Commission members hoped for our children:

- an adequate income for every Alaskan family to be able to afford shelter, food, care and clothes for children;
- a quality education that instills self-esteem

and love of learning in each child and which respects and honors each child's culture and heritage;

- a redesigned world of parks, playgrounds, and child care development centers for small children who live in the world of giants and see everything from the level of our knees so they can look us in the eye;

- a legal system that ensures that the child victim of sexual assault lives in a safe, warm and loving home and under which the perpetrator suffers the consequences of the crime, rather than the child;

- a requirement all parents and teachers to return to school to learn what it is like to be a child and not be able to have any say in solving problems that directly affect you;

- a provision for free parenting classes for every Alaskan with incentives, such as union hours credit towards benefit eligibility, for attending;

- a change of the attitude and understanding of all people in Alaska toward children: government, for all its power and wisdom, is only a reflection of the public will and until the public perception changes we'll only scratch the surface.

That is a vision filled with wishful thinking. But if Alaskans are truly serious about children being our greatest natural resource, if we are truly serious about investing in their future—and ours—then wishful thinking is exactly where we've got to start.

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*That is a vision filled with wishful thinking. But if Alaskans are truly serious about children being our greatest natural resource, if we are truly serious about investing in their future—and ours—then wishful thinking is exactly where we've got to start.*

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## Profiles of Commission Members

### **John Antonnen, Ed. D.**

Educational background in elementary education and special education, with doctoral training in special education and education administration; has been a school teacher in Colorado, Oregon, Ohio and Alaska; serves as Superintendent of Schools in the Southwest Region, headquartered in Dillingham.

### **Sen. John Binkley**

Educated in Fairbanks; served on the Bethel City Council from 1981-1984; elected to the State House of Representatives in 1984 and the Senate in 1986; currently serves as Co-chair of the Senate Finance Committee and member of the Rules Committee and the Children's Caucus.

### **Blanche Brunk**

Educated in Colorado and Hawaii in the fields of nursing and public health, specializing in maternal/child health; has served on the Steering Committee of the Region X Child Abuse and Neglect Resource Center and on the Executive Committee for the Arctic Alliance for People in Fairbanks; currently employed as Deputy Commissioner of the Department of Health and Social Services; formerly employed as a Public Health Nurse with the Fairbanks Health Center, Executive Director of the Resource Center for Parents and Children, Health Aide Coordinator for the Tanana Chiefs Conference, and a Child Abuse Prevention Planner; is a member of the American Nurses Association and Sigma Theta Tau, the National Honor Society of Nursing.

### **Annie Calkins**

Educated in Missouri in philosophy and English; currently employed by the Department of Education as a Language Arts Specialist, Coordinator of the Pacific Rim Sister Schools Program, Sex Equity Coordinator, and is an Early Childhood Specialist; has been a classroom teacher and taught language arts and social studies and has been employed as a

Curriculum Director and a teacher/trainer in 7 Alaskan school districts; serves on a task force involved with Early Childhood and Special Education and is the Coordinator for the Alaska Writing Consortium.

### **Rep. Virginia Collins**

Educated in California in the fields of nursing and health science; has served as a member of the Alaska Rehabilitation Association, American Nurses Association and March of Dimes; elected to the House of Representatives in 1984 and 1986; currently serves on the House Community and Regional Affairs Committee and is a member of the Children's Caucus.

### **Shirley Covington**

Educated in California and Texas in the public health field and is a Nurse Practitioner; currently employed as the Health Services Coordinator for the Mat-Su Borough School District; involved with the Mat Valley Child Protection Team, Friends of Families and co-founded the Family Planning Clinic; is currently Acting President and was the first President of the Alaska School Nurses Association.

### **Sen. Rick Halford**

Educated in Alaska in the fields of history and political science; elected to the House of Representatives in 1978 and 1980, and to the Senate in 1982 and 1984; currently serves as Co-chair of the Senate Finance Committee and on the Senate Community and Regional Affairs and Judiciary Committees and is a member of the Children's Caucus.

### **Sandra Holloway-Sykes**

Educated in New York and Arizona as a Public Health Nurse; most recently employed as a Counselor with the Family Planning Clinic in Anchorage; has been employed with health and nutrition programs serving women, infants and children in hospital and clinical settings; has been involved with the PTA and youth athletics.

### **Marlene Johnson**

Resident of Hoonah, educated in Juneau; served on the Hoonah School Board for 24 years and the Rural CAP Board for 9 years; was an original incorporator of Sealaska Corporation, has served on the Board since 1972, and currently serves as President; in addition to service on numerous boards and commissions, has also been involved with the Southeast Health Systems Agency, Hoonah Health Council and the Rural Affairs Council.

### **Sen. Joe Josephson**

Educated in Chicago and is an attorney; served previously on the Anchorage City Council and Borough Assembly; member of the Anchorage Charter Commission, Southcentral Red Cross, Anchorage Council on Drug Aid and the Alaska Advisory Committee to the U.S. Commission on Civil Rights; elected to the State House of Representatives in 1962 and 1964 and the Alaska State Senate in 1968, 1982 and 1984; currently serves on the Senate Health, Education and Social Services, Judiciary, and State Affairs Committees and the Postsecondary Education Commission; is a member of the Children's Caucus.

### **Reggie Joule**

Educated in Kotzebue and Fairbanks; currently employed as the Field Coordinator for UAF's Department of Rural Development, College of Human and Rural Development; was formerly employed by NANA Corporation as a Youth Coordinator for the Spirit Program; presently serves on the Board of NANA Corporation, the Alaska Native Foundation and the Governor's Drug Abuse Advisory Board; for 8 years was involved with the organization of the World Eskimo Indian Olympics and served on the Chukchi Community College Advisory Council. Serves as Commission Vice Chair.

### **Clara Kelly**

Educational background in early childhood and nursing; currently employed as the Direc-

tor of the Southwestern Alaska Council for the Prevention of Child Sexual Abuse; was formerly employed by Rural CAP as a Parent/Child Coordinator and Field Supervisor, by the Yukon-Kuskokwim Health Corporation as a Community Health Supervisor, by Bethel Social Services as Director of a nursery and by AFN as Coordinator of a preschool program; born in the Yukon-Kuskokwim Delta and a fluent speaker of Yupik. Elected to Bethel City Council in 1987.

### **Rep. Niilo Koponen**

Educated in New York, Massachusetts, London and Alaska in the fields of education and economics; former teacher, principal, researcher and planner; with the Fairbanks North Star Borough School District and UAF, and former Director of Fairbanks Head Start; has served as a member of the Alaska Federation for Community Self Reliance, the Governor's Child Care Advisory Board and the Office of Child Advocacy; elected to the House of Representatives in 1982, 1984 and 1986; currently serves as Co-chair of the House Health, Education and Social Services Committee and member of the Labor and Commerce Committee and the Children's Caucus.

### **Ms. Lare**

Educated in Alaska, California and Virginia in the fields of public administration, child development administration and political science; involved with the National Association of State Directors of Child Development, Kids Corps, and the Child Care Connection; currently employed as the Child Care Coordinator for the Department of Community and Regional Affairs.

### **Kayleen Lowe**

Educated in California, Utah and Alaska in anthropology and nursing; currently serves as Executive Director of Lifeline Alternatives, Inc., which provides alternatives to hospitalization and institutionalization for medically fragile/

technology dependent infants and children; has been involved in numerous organizations related to health care and nutrition, mental health, education for children with special needs, and foster care and placement.

**Patty Meritt**

Educational background in child development; has been involved in early childhood and child care programs since 1973; is currently the Executive Director of Play N Learn, Inc., in Fairbanks, which operates three child care centers and has also operated child care programs in California; currently serves as President of the Fairbanks Association for the Education of Young Children and is the Treasurer for KIDPAC.

**Barbara Miklos**

Educated in Colorado, Missouri and Alaska in health administration and education; currently employed as Executive Director of the Department of Public Safety's Council on Domestic Violence and Sexual Assault; has been employed as a Health Systems Specialist and Health Planning Coordinator for the State of Alaska; was a consultant for Akeela House and coordinated a task force to plan for the provision of in-patient mental health services at Mt. Edgecumbe Hospital.

**Dianne Olsen**

Educated in Washington in society and justice and is an attorney; was formerly in private practice and is currently employed as an Assistant Attorney General supervising the Human Services Section in the Department of Law.

**Judy Rich**

Educated in California, Oregon and Alaska in the educational field; has been a classroom teacher of English and Remedial Reading; is currently involved with Tough Love, the Alaska Juvenile Crime Commission, and Victims for Justice; primarily involved with issues related

to runaways, castaways and homeless youth.

**Peter Scales, Ph.D.**

Educated in New York, with doctoral training in Child and Family Studies; currently employed as Executive Director of Family Connection in Anchorage; has served on numerous boards and commissions statewide and nationally; authored over 80 books, articles and other publications related to child and family issues; chaired prevention committee of Anchorage Runaway and Homeless Youth Task Force, served on Anchorage School District Corporal Punishment Task Force, and Health Education Curriculum Committee. Served as Commission Vice Chair and Chair.

**Niesje Steinkruger**

Educational background in secondary education and history; an attorney employed as an Assistant Public Defender and formerly as an Assistant Attorney General and with private firms, involved primarily with juvenile and family law; serves on the Juvenile Justice and Family Services Advisory Committee, the Fairbanks Child Sexual Abuse Task Force and the National Association of Counsel for Children. Served as Commission's first Chair.

**Fran Ulmer**

Educated in Wisconsin in the fields of political science and economics and is an attorney; served as Mayor of the City and Borough of Juneau from 1983 to 1985 and was elected to the House of Representatives in 1986; currently serves as Chair of the House State Affairs Committee and is a member of the Judiciary Committee and the Children's Caucus; has been employed as the Director of the Division of Policy Development and Planning for the State of Alaska; previously served as Chair of the U.S. Conference of Women Mayors, on the State Board of the League of Women Voters, the Salvation Army and was Honorary Chair of the 1986 March of Dimes.

The budget breakdown we were given shows only 1 meeting in FY 88 - cost \$6,840.

## Public Testimony:

Following are the number of hours of public testimony and the number of people who testified before the Commission:

<u>Date</u>	<u>Meeting</u>	<u>Hours of Testimony</u>	<u>People Testifying</u>
June 12-13	Commission	1	19
July 9-10	Child Care Committee	1.5	16
July 10-11	Youth Committee	1	7
Aug. 8	Commission	3	39
Aug. 27-28	Child Care Committee	1.5	21
Sept. 9-10	Youth Committee	8.5	75
Sept. 17-19	Youth Committee	2	40
Sept. 25	Child Care Committee	3	22
Oct. 1	Child Care Committee	3	11
Oct. 5-6	Child Care Committee	1.5	9
Oct. 19-20	Commission	4	53
Nov. 9-10	Youth Committee	1	12
Nov. 18	Child Care Committee	1	8
Nov. 19-20	Commission	2.5	25
Dec. 9-11	Commission	3	25
	TOTAL	37.5	383

## Commission Meetings:

The Governor's Interim Commission on Children and Youth met the following dates between June and December, 1987, the time during which this report was written:

<u>Body</u>	<u>Dates</u>	<u>Location</u>
Commission:	June 12-31	Juneau
	Aug. 8	Fairbanks
	Oct. 19-20	Anchorage
	Nov. 19-20	Anchorage
	Dec. 9-11	Anchorage
	Jan. 19-20	Juneau
Child Care Committee:	July 9-10	Anchorage
	Aug. 7	Fairbanks
	Aug. 27-28	Anchorage
	Sept. 25	statewide public hearing
	Oct. 1	Southeast public hearing
	Oct. 5-6	Anchorage
	Nov. 18	Anchorage

<u>Body</u>	<u>Dates</u>	<u>Location</u>
Youth Committee:	July 10-11	Anchorage
	August 7	Fairbanks
	Sept. 9-10	statewide public hearing
	Sept. 17-18	Anchorage
	Oct. 7	statewide public hearing
	Nov. 9-10	Anchorage

## Commission Activities and Participation:

The following lists, by month, meetings, conferences, workshops, trainings, seminars, etc. in which Commission members participated or at which they represented the Commission:

### **JUNE:**

Conference of the Association of School Superintendents: John Anttonen, Annie Calkins.

Meeting of the Cabinet of Professional Associations: Annie Calkins.

Meeting of the Alaska State Writing Consortium: Annie Calkins.

Meeting of the Child Advocacy Network: Judy Rich.

Planning meeting, Anchorage Covenant House: Sen. Josephson, Judy Rich, Peter Scales.

Surgeon General's Conference on Family-Centered, Community-Based, Coordinated Care for Children with Chronic Illnesses and Other Disabilities: Kayleen Lowe.

Visit to the Crippled Children's Association Day Care Facility, Wanganui, New Zealand: Kayleen Lowe.

"STD: Check It Out" program review, Ministry of Health, New Zealand: Kayleen Lowe.

### **JULY:**

Visits to Juneau child care centers: Rep. Ulmer.

Visit to the Asthma Society of Auckland's Children's Asthma Program, Auckland, New Zealand: Kayleen Lowe.

### **AUGUST:**

Meeting of the Fairbanks Child Care Providers Association: Ms. Lare.

Visits to child care centers, Fairbanks: Child Care Committee.

Meetings with Juneau child care providers: Rep. Ulmer.

Dram-edy Workshop: Sen. Josephson. Kapulani Preschool Parenting Training Project, Oahu, Hawaii: Kayleen Lowe.

Meeting of the Perinatal Association of Alaska: Kayleen Lowe.

Meeting of the Special Education Service Agency: Kayleen Lowe.

## **SEPTEMBER:**

Joint meeting of the Governor's Council on Vocational Education and the State Job Training Partnership Coordinating Council: Peter Scales.

WIC Annual Meeting: Peter Scales.

Bilingual/Bicultural Education Coordinators Institute: John Antonnen, Annie Calkins, Shirley Covington, Ms. Lare, Kayleen Lowe.

Meeting of Volunteers for Youth At-Risk: Sen. Josephson.

Meeting for Participants in State Early Childhood Initiatives, National Association of State Boards of Education: Annie Calkins.

Meeting of the League of Women Voters: Rep. Ulmer.

Meeting of the Emergency Medical Services Advisory Council: Kayleen Lowe.

Hearings on Anchorage Municipal Health Plan: Kayleen Lowe.

Hearings on State Child Care Regulations: Kayleen Lowe.

ACCESS Alaska, Family Issues Conference: Kayleen Lowe.

Special Hearing of the Federal Office of Special Education, Audit of State Education Programs: Kayleen Lowe.

Presentation to Child Care Connection: Kayleen Lowe.

KIDPAC Meeting: Kayleen Lowe.

KENI Radio Talk Show: Kayleen Lowe, Peter Scales.

Conference of Theta Omicron Chapter of Sigma Theta Tau, the National Honor Society of Nursing: Kayleen Lowe.

Seventh Annual Pediatrics Conference, Presentation by Dr. Richard Krugman on the Sexual Abuse of Children: Kayleen Lowe.

## **OCTOBER:**

Annual Conference of the Child Welfare League of America: Ms. Lare.

Public Hearing: Upper Mat-Su Valley and

Wasilla: Shirley Covington, Ms. Lare.

Conference of the Alaska Association for Community Education: Ms. Lare, Kayleen Lowe.

National Juvenile Justice Conference, Boston: Sen. Josephson.

Workshop on the Medical Indicators of Child Abuse and Neglect: Blanche Brunk.

Meeting of the National Association for the Advancement of Colored People, Northwest Region: Peter Scales.

Parents Meeting, Juneau Montessori School: Rep. Ulmer.

Alaska Federation of Natives Convention, Youth and Elders' Conference: Governor's Interim Commission on Children and Youth.

Meeting of the Emergency Medical Services Advisory Council: Kayleen Lowe.

Meeting of the Alaska Women's Commission: Kayleen Lowe.

Alaska Vocational Education Conference: Blanche Brunk.

Meeting of the State Board of Education: Blanche Brunk, Annie Calkins, Reggie Joule, Rep. Koponen, Patty Meritt, Niesje Steinkruger.

Visit to Covenant House, New York: Sen. Josephson.

Public Hearing: Nelson Island and Scammon Bay High Schools: Sen. Binkley, Clara Kelly, Kayleen Lowe.

Presentation to the Family Law Section, Alaska Bar Association: Niesje Steinkruger.

## **NOVEMBER:**

Conference of the National Association of State Directors of Child Development: Ms. Lare.

Meeting of the Matanuska Valley Child Protection Team: Shirley Covington.

Meeting of the Alaska State School Boards Association: John Antonnen, Blanche Brunk, Peter Scales.

Fairbanks Mayor's Task Force on Children

and Youth: Patty Meritt, Niesje Steinkruger.  
Meeting of the State Board of Education:  
Annie Calkins, Peter Scales, Ms. Lare, Dianne  
Olsen.

Meeting of the Alaska Municipal League:  
Peter Scales.

Annual Conference of the National Association  
for the Education of Young Children,  
Chicago: Ms. Lare, Kayleen Lowe.

Alaska School Administrators Conference:  
John Antonnen.

Siberian Medical Research Conference:  
Kayleen Lowe.

Teen Pregnancy Workshop: Rep. Collins,  
Judy Rich.

Seventh Annual Statewide Alcohol and Drug  
Abuse Prevention Symposium: Reggie Joule,  
Kayleen Lowe, Judy Rich.

Visit to the Lee Street Shelter: Sen.  
Josephson.

Presentation of National Teacher's Awards:  
Sen. Josephson.

Meeting of Standing Together Against Rape  
(STAR): Sen. Josephson.

"Public Official in the Classroom" Program:  
Sen. Josephson, Rep. Ulmer.

Visit to Lekotek Toy Lending Library, Com-  
puplay, and Pre-School Mainstreamed Pro-  
grams, Evanston, Illinois: Kayleen Lowe.

Foster Care Hearings, Department of Health  
and Social Services: Kayleen Lowe.

#### **DECEMBER:**

National Forum for Youth At-Risk, Washing-  
ton, D.C.: John Antonnen, Sen. Josephson.

#### **ON-GOING:**

Alaska Teen Pregnancy Task Force: Peter  
Scales.

Anchorage Association for the Education of  
Young Children: Ms. Lare.

Child Care Connection Board meetings: Ms.  
Lare.

ARCO Dependent Care Task Force: Ms. Lare.

Tri-Department Committee: Blanche Brunk,  
Annie Calkins, Ms. Lare.

Fairbanks Directors' Association: Patty  
Meritt.

Fairbanks Association for the Education of  
Young Children: Patty Meritt.

Governor's Council on Handicapped and  
Gifted: Ms. Lare, Kayleen Lowe.

Postsecondary Education Commission: Sen.  
Josephson.

## ACKNOWLEDGEMENTS:

Many, many people contributed in various ways to the production of this report, which would not have been possible without their assistance. We would like to especially thank them.

- To the hundreds of parents, educators, health professionals, attorneys, concerned citizens, child care professionals, children, agency representatives and youth who cared enough to submit testimony, address the Commission at public hearings, provide information and share their thoughts, suggestions and concerns.

- To the students who participated in the Governor's Youth Safety Conference, sponsored and organized by the Alaska Council on the Prevention of Alcohol and Drug Abuse and the Alaska Highway Safety Planning Agency, for providing us with new insights into the lives of teenagers.

- To the youth and elders who participated in the public hearing sponsored by the Commission at the AFN Convention, for opening their hearts to us, and to Janie Leask, President, and George Irvin, Executive Vice President, for making that hearing possible.

- To the "Dram-edy" Program, Jamie Cox, Linda Ronan and the students involved with it, for an impressive and lasting learning experience.

- To the original Steering Committee, whose joint efforts and cooperation helped make the establishment of the Commission a reality: Darby Anderson, Blanche Brunk, Randall Burns, Annie Calkins, Ms. Lare, Sally Mead, Barbara Miklos, Patty Kastelic and Caren Robinson.

- To the Commissioners of the state departments represented on the Commission, for the valuable contribution of staff support and funding:

William Demmert, Commissioner, Department of Education;

Art English, Commissioner, Department of Public Safety;

David Hoffman, Commissioner, Department of Community and Regional Affairs;

Myra Munson, Commissioner, Department of Health and Social Services;

Grace Schaible, Attorney General, Department of Law;

- To the key readers, who plowed through reams of paper to make this report as thorough, accurate and readable as it is:

Dr. George Brown, Pediatrician, Palmer;

Marian Estelle, Director, Petersburg Child Care Center;

Dr. Shirley Holloway, Associate Superintendent, North Slope Borough School District, Barrow;

William Hitchcock, Master, Children's Court, Anchorage;

Pudge Kleinkauf, Chair, Department of Social Work, UAA;

Rich Kronberg, teacher, Klatt Elementary School, Anchorage;

Dr. Jo Kuykendall, Director, Day Care Assistance Program, Fairbanks North Star Borough;

Thelma Langdon, Coordinator, Child and Family Advocacy Project, Alaska Children's Services, Anchorage;

Doug Modig, Director, Alcohol Program, Rural CAP, Anchorage;

Gail Rowland, former Board Chair, Office of Child Advocacy, Anchorage; and

Don Shircei, Director of Family Services, Tanana Chiefs Conference, Fairbanks.

- To the federal Youth 2000 Project, for technical assistance and for awarding a grant to the Commission, enabling it to continue its work in addressing issues affecting youth and to fund demonstration projects:

Edward Singler, Regional Administrator, and Judith Wood, Director of the Division of Program Management, Office of Human Development Services, Department of Health and Human Services, Region X.

Harry Brown, Regional Administrator and Michael Brauser, Director of the Office of Job Training Programs, Employment and Training Administration, Department of Labor, Region X.

- To the National Association of State Boards of Education for providing technical assistance, moral support and funding for production of this report: Tom Schultz, Director, Early Childhood Project.

- To the National Conference of State Legislatures for providing funding for technical assistance in the area of early childhood education: Terry Gnezda, Ph.D., Senior Project Manager, Child Care/Early Childhood Education Project.

- To the Department of Education, Division of Migrant Education, for fiscal support for production of a student version of the Commission's report.

- To the Senate Finance Committee for fiscal support for an abridged version of the Commission's report for wide public distribution.

- To the staff of the Governor's Office in Juneau for provision of support services on a continuing basis: Garrey Peska, Chief of Staff; Sheila Gottehrer, Director, Boards and Commissions; Caren Robinson, Special Staff Assistant.

Administrative Services: Mike Nizich, Director; Terry Eller, Accounting Technician; Mary Etheridge, Accounting Technician; Fred Fisher, Accounting Supervisor; Vern Jones, Procurement Officer; Shawn Henderson, Property Control Officer.

Secretarial Services: Carla Dederer, Executive Secretary; Annemarie Barnack, Secretary; Janice Harmon, Secretary.

Data Processing Services: Martha Ecklund, Secretary.

Receptionists: Donna Edwards, Donna Voss.  
Mail Room: Barbara Fallon, Supervisor;  
Marcus Davis, Clerk.

Personnel Services: LaRae Jones, Personnel Officer.

Press: David Ramseur, Press Secretary; Laury Roberts Scandling, Deputy Press Secretary; Marc Olson, Information Officer; Cher Reeves, Executive Secretary.

Patty Kastelic, former Director of Scheduling, Office of the Governor.

- To the staff of the Anchorage and Fairbanks' Governor's Offices for assistance with meeting organization and information dissemination: Charity Kadow, Associate Director, Anchorage; Lisa Caress, Executive Secretary, Anchorage; Rebecha Miller, Associate Director, Fairbanks; Debbie Damron, Staff Assistant, Fairbanks; Penny Forsmo, former Executive Secretary, Fairbanks.

- A very special thanks to the staff of the Anchorage, Fairbanks and Juneau Legislative Information Offices for their invaluable assistance with organizing meetings, moderating public hearings and professional and courteous attention to the Commission:

Anchorage: Micki Henderson, Information Officer; David Jensen, Teleconference Moderator; Harry Mandregan, Teleconference Moderator; Barbara Norrell, Information Assistant; Lana Prujillo, Information Assistant.

Fairbanks: Annie Neubauer, Information Officer; Melba Oester, Teleconference Moderator.

Juneau: Sue Gullafsen, Manager, Public Services; Peggy Simons, Information Officer; Glenn Gray, Teleconference Moderator; Lynn Morley, Teleconference Moderator; Arlene Murphy, Teleconference Moderator.

- To the staff of the Legislative Affairs Agency for technical assistance and computer work and use of computers and printers: Bill McCauley, User Services Supervisor; Daryel Donaldsen, Data Processing Manager.

- To the following Legislators and their staff members for professional services and financial support:

Rep. Johnny Ellis, who generously donated the use of his office during the interim so the Commission could have a home.

Sen. Binkley, for funding distribution of the Commission's newsletter, Marc Stephens for production of the newsletter, and Pat Jackson.

Sen. Halford's Office: Lynn Stoops and Maureen Weeks.

Sen. Josephson's Office: Rosemary Karish, David Finkelstein.

Rep. Grussendorf's Office: Katherine Buchanan, Doug Rickey and Kate Tesar.

Rep. Collins, for supplying refreshments for Commission meetings, and Marveen Palmer for assistance during Commission meetings.

Rep. Koponen's Office: Lisa McLaren, Dana Owen and Shari Paul.

Rep. Ulmer's Office: Linda Giguere and Judy Knight.

- To Daniel Dinell and Lisa Weiser, who volunteered clerical and research services to the Commission.

- To the staff of the Commission: Carla Timpone, Program Coordinator; Sara Hannan, Administrative Assistant; Dean Gottehrer, Editor; Paula Wolfe, Graphic Artist; Roxanne Turner, Data Clerk.

- To Sally Mead, Special Assistant, Office of the Commissioner, Department of Health and Social Services, for being all things to the Commission and always cheerfully.

- To the following people, for information and technical services: Kim Bush, Director, Division of Medical Assistance, Department of Health and Social Services; Mary Capobianco, Budget Analyst, Office of Management and Budget; Yvonne Chase, Director, Division of Family and Youth Services, Department of Health and Social Services; Karen Crane, Director, Libraries, Department of Education; Harvey Crommett, Director, Division of Migrant Education, Department of Education; Matt Felix, Coordinator, State Office of Alcohol and Drug Abuse, Department of Health and Social Services; Odette Foster, Grants Administrator, Child Care Programs, Department of Commu-

nity and Regional Affairs; Peter Froelich, Assistant Attorney General, Department of Law; Jim Gurke, Grants Administrator, Job Training Partnership Act, Department of Community and Regional Affairs; Mel Henry, Director, Division of Mental Health Services, Department of Health and Social Services; Mary Hakala, Special Assistant, Department of Education; Sarah McDaniel, Executive Secretary, Office of the Commissioner, Department of Health and Social Services; Marjorie Odland, Assistant Attorney General, Department of Law; Harold Pence, Print Shop, Department of Administration; Holli Ploog, Director, Division of Child Support Enforcement, Department of Revenue; John Taber, Director, Division of Public Assistance, Department of Health and Social Services; Jana Varatti, Special Assistant, Department of Corrections; Elizabeth Ward, Director, Division of Public Health, Department of Health and Social Services

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The following is a list of basic sources used in writing this report. A list of specific references for all facts cited is available on request.

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Governor's Interim Commission on Children and Youth  
Office of the Governor  
P.O. Box A  
Juneau, Alaska 99811

**H B**

**73**

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER HB 73

SPONSOR Governor

BILL TITLE Technical amendments to public  
employee benefit statutes.

DATE REFERRED 2-28-89

HEARING SCHEDULED 4-5-89

FISCAL NOTE PREPARED ✓

SPONSOR CONTACTED

INTERESTED PARTIES CONTACTED

✓ Dean Gottehrer, DOA 2201  
yes Bob Stalnaker, DN Ret 4460  
Sally Smith  
w/PP  
call ✓ Mitt Banker, DOR 2350

OTHER

SENATE COMMITTEE REPORT

FURTHER FINANCE

2/28/89

DATE TURNED INTO OFFICE 4-5-89

Mr. President:

STATE AFFAIRS

HB 73

Committee considered \_\_\_\_\_

technical amendments to public employee benefits statutes; efd

and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

**FISCAL NOTE(S)**  zero  fiscal impact  appropriation no FN  
 new  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

Tom Kelly  
Al Adams  
Rich Ube

OTHER RECOMMENDATIONS

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Pat Tompkins do pass  
 Chairman signature and recommendation

Committee Backup attached

# 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 5 Committee Meeting

DATE: April 4, 1989

On Wednesday, April 5 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bill:

SB 201, An Act making a special appropriation to the Department of Transportation and Public Facilities for an environmental impact statement concerning Seward and Kodiak as homeports for navy ships

SB 201 would appropriate \$750,000 to the Department of Transportation for preparation of an environmental impact statement on the establishment of homeports in Seward and Kodiak. At the sponsor's request, a draft committee substitute has been prepared that clarifies funds would also be used for work associated with feasibility assessments, the negotiation of agreements with the Navy, and any necessary legal activity. Unused funds would lapse to the general fund June 30, 1990.

In 1988 the legislature approved a resolution (SJR 55) supporting a homeport, and indicating the state's willingness to consider investment of as much as \$100 million for capital improvements. The resolution specified that the commitment of funds was contingent upon the completion of a cost-benefit analysis demonstrating that the state would derive net benefits from its investment.

The Navy's January 1989 letter to DOT, which announced Kodiak and Seward as the preferred Alaskan sites, indicated that "due to the constrained budget climate in Washington, the entire capital cost of a new homeport facility in Alaska would be an Alaskan investment". The letter also indicated that the next step would be joint preparation of an EIS.

SB 232, An Act relating to certain beverage dispensary licensees

SB 232 would authorize the holder of a beverage dispensary license issued to a hotel, motel, resort or similar business to stock alcoholic beverages in guest rooms. The beverages could be consumed only on the premises. Access would be restricted to guests age 21 and older, and would be controlled through a lock system.

The bill is intended to address the expectations of travelers accustomed to receiving hospitality services in their rooms.

HB 73, An Act making technical amendments to public employee benefits statutes

HB 73 would correct changes to statute inadvertently made last year. Section 1 reinstates the policy of income and interest earned on the Teachers Retirement Fund being returned to the fund.

Section 2 clarifies the procedure under which judges who have had contributions to the retirement account involuntarily refunded can repay the contributions, conforming the procedure to that currently followed under TRS and PERS.

Section 3 clarifies that, because municipal as well as state employees can be members of PERS, the "employer" of a supplemental benefits system member -- not the Department of Administration -- is required to make payments to the member's account.

In addition, HB 74, An Act relating to the financing of the Seward Student Service Center by ASBA, will be back before the committee. The Department of Revenue is preparing additional information on the current and proposed financing agreements.

H73POOP.TXT  
4/5/89

HB 73            TECHNICAL AMENDMENTS TO PUBLIC EMPLOYEE BENEFITS  
                 STATUTES

TO TESTIFY

BOB STALNAKER, DIV. RETIREMENT, D.O.A.

F.Y.I.

ABOUT SEC. 1 -- LAST YEAR DEPT. REVENUE REWROTE THE  
T.R.S./P.E.R.S. STATUTES -- INADVERTENTLY DROPPED "INCOME AND  
INTEREST" FROM THE DEFINITION OF T.R.S. RETIREMENT FUND.

WOULD IT MAKE SENSE FOR INTEREST TO GO TO THE GENERAL FUND?  
STALNAKER SAYS NO, SINCE FUND IS MADE UP ENTIRELY OF EMPLOYER  
CONTRIBUTIONS, AND ACTUARIAL ASSUMPTIONS RELY ON THE INTEREST  
BEING RETURNED TO THE RETIREMENT FUND.

NOTE THAT THIS SECTION IS RETROACTIVE TO THE DATE OF PASSAGE  
OF LAST YEAR'S BILL.

BILL MADE IT THROUGH THE HOUSE PROCESS WITH NO AMENDMENTS.  
COURTS HAD REQUESTED AN AMENDMENT REGARDING JUDICIAL RETIREMENT  
-- HOUSE COMMITTEES CHOSE NOT TO INCLUDE BECAUSE IT WAS  
"SUBSTANTIVE" RATHER THAN "TECHNICAL". SENATE JUDICIARY HAS  
SINCE INTRODUCED THE AMENDMENT AS A SEPARATE BILL, SB 252, WHICH  
IS IN OUR COMMITTEE.

STEVE COWPER  
GOVERNOR



cc  
24673

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 9, 1989

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

Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to public employee benefits. The bill amends provisions of the teachers' retirement, judicial retirement, and supplemental benefits systems.

Section 1 of the bill amends the definition of "retirement fund" in the teachers' retirement system statutes to correct the inadvertent deletion last session of two provisions that provided specific statutory authority for dedication, to the fund, of income and interest earned on assets of the fund. Section 4, ch. 141, SLA 1988 deleted a provision allowing the commissioner of revenue to collect the interest and deposit it in the fund. Section 19, ch. 106, SLA 1988 deleted from the definition of "retirement fund" a pre-statehood provision that the fund includes "income and interest derived from the investment" of money. The bill's amendment reinstating that language is retroactive to June 5, 1988, the effective date of ch. 106, SLA 1988. Section 4 of the bill.

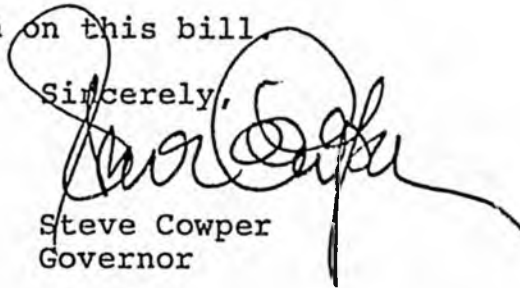
Section 2 of the bill amends a provision enacted last session by sec. 3, ch. 89, SLA 1988, which allows a former judge or justice whose judicial retirement system contribution account has been involuntarily refunded due to a levy, to repay his or her contribution account, whether or not the judge or justice returns to active service. Under AS 22.25.041(b), a former judge or justice may repay an involuntarily refunded contribution account under AS 22.25.041(a), which requires repayment to be made within one year after return to active service. The amendment made by sec. 2 of the bill clarifies that judges and justices who do not return to active service are not subject to the requirement that repayment of an involuntarily withdrawn contribution account be made within one year.

Section 3 of the bill amends AS 39.30.150(a) to clarify that, because municipal as well as state employees can be members of the system, the employer of a supplemental benefits system member, not the Department of Administration, is required to make payments to the member's individual annuity account.

Section 5 provides for an immediate effective date.

I urge your favorable action on this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", with a long horizontal flourish extending to the right.

Steve Cowper  
Governor

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HB 73  
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*Sec. 22.25.040. Refund of contributions. [Repealed, § 16 ch 83 SLA 1967.]*

**Sec. 22.25.041. Refund of contributions.** (a) A justice or judge who vacates office for any reason and who has not then accrued five years of creditable service under this chapter is entitled to receive a refund of the total amount of contributions, together with interest credited on the amount. If a justice or judge who has received a refund of contributions returns to active service, the justice or judge shall repay within one year the refunded contributions with interest at the prevailing rate to receive credit for the earlier period of service under AS 22.25.010(f).

(b) A justice or judge whose contributions have been involuntarily refunded because of a levy may repay the amount levied together with accrued interest whether or not the justice or judge is on active service. Repayments shall be made under (a) of this section. (§ 7 ch 80 SLA 1978; am § 3 ch 89 SLA 1988)

**Effect of amendments.** — The 1988 amendment added subsection (b).

*Sec. 22.25.045. Appropriations. [Repealed, § 42 ch 146 SLA 1980.]*

**Sec. 22.25.046. Employer contributions.** (a) The state court system shall contribute to the judicial retirement system at the rate established by the commissioner of administration. The contribution rate shall be based on the results of an actuarial valuation of the judicial retirement system. The results of the actuarial valuation shall be based on actuarial methods and assumptions adopted by the commissioner of administration.

(b) The contribution rate shall be a percentage which, when applied to the covered compensation of all active members of the judicial retirement system, will generate sufficient money to support, along with contributions from members, the benefits of the judicial retirement system. (§ 8 ch 146 SLA 1980)

**Sec. 22.25.048. Accounting and investment.** (a) The commissioner of administration shall establish a judicial retirement trust fund for the judicial retirement system in which the assets of the system are deposited and held. The commissioner shall maintain accounts and records for the system.

(b) All income of the judicial retirement fund and all disbursements made from the fund shall be credited or charged, whichever is appropriate, to the following accounts:

(1) an individual account that contains the mandatory contributions collected from a person under AS 22.25.011;

Article 4. Supplemental Employee Benefits on Withdrawal from Social Security.

Section	Section
150. Contributions	160. Benefits
153. Repayment of contributions	162. Safeguard of money

HB 73

Sec 3

Sec. 39.30.150. Contributions. (a) In place of contributions to the federal social security system that would have been required on behalf of an employee had the participating employer belonged to the social security system, the participating employer shall contribute an amount equal to 6.13 percent of the wages of the employee up to the taxable wage base then in effect in the social security system. This contribution must be paid into an individual employee annuity account in the Department of Administration under the terms of the State of Alaska Supplemental Annuity Plan. The department shall pay 6.13 percent of the wages of the employee up to the taxable wage base then in effect in the social security system into the individual employee annuity account established under this subsection. This wage reduction must be treated as an employer contribution under 26 U.S.C. 414(h)(2). All costs of establishing and administering the programs established under AS 39.30.150 — 39.30.180 must be paid from the contributions made to the individual employee annuity accounts under this section.

(b) Employees of the division of marine transportation included in the public employees' retirement system through the process of collective bargaining under AS 39.35.680(21)(D) may, under the terms of a collective bargaining agreement, utilize contributions made under (a) of this section on their behalf to offset the costs of inclusion in the public employees' retirement system; however,

(1) the state is placed under no obligation to continue making contributions under this section if the state resumes participation in the federal social security system;

(2) the bargaining agreement must provide a mechanism for satisfying any residual liabilities that might exist if the state resumes participation in the federal social security system; and

(3) funds contributed under (a) of this section on behalf of employees who are not covered by maritime union contracts may not be obligated or expended to pay any costs associated with the inclusion of marine transportation employees in the public employees' retirement system.

(c) An employee may voluntarily elect additional wage reductions to be paid into special individual employee benefit accounts in the Department of Administration. Money in these accounts must be used to purchase benefits selected by the employee under the supplemental benefits plan established by the administrator. (§ 5 ch 58 SLA 1979;

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SB 252  
in St Aff 3/31/89

Alaska Court System  
State of Alaska

OFFICE OF ADMINISTRATIVE DIRECTOR

JANALEE R. STRANDBERG  
Staff Counsel

February 15, 1989

303 K Street  
Anchorage, AK 99501  
(907) 264-8228

Representative Lyman Hoffman  
Representative Ron Larson  
House Finance Committee  
P.O. Box V  
Juneau, Alaska 99811

Re: House Bill 73

Dear Representatives Hoffman and Larson:

The court system would like you to include the enclosed amendment to AS 09.38.015 in your consideration of HB 73 on February 22. The amendment adds judicial retirement to the public employee and teacher retirement exemptions.

The present exemption statute, AS 09.38.015(b), provides that amounts held in the teachers' and public employees' retirement systems are exempt from execution. Individual retirement plans are also exempt from execution under AS 09.38.017(a). However, judicial retirement is not made exempt from execution by either of these statutes.

Because HB 73 is a technical bill which deals generally with employee benefits, including judicial retirement, we believe it is appropriate to include within it an exemption for judicial retirement. We have discussed this proposed amendment with the Director of Retirement and Benefits, Sally Smith, who has no objection to its inclusion.

Thank you for your consideration. I will be happy to answer any questions you may have about this proposed amendment.

Very truly yours,

*Janalee R. Strandberg*  
Janalee R. Strandberg  
Staff Counsel

Enclosure

cc: Carol Collins, House Finance Committee

Section AS 09.38.015 is amended to read:

Sec. 09.38.015. Property exempt without limitation. (a) An individual is entitled to exemption of the following property:

(1) a burial plot for the individual and the individual's family;

(2) health aids reasonably necessary to enable the individual or a dependent to work or to sustain health;

(3) benefits paid or payable for medical, surgical, or hospital care to the extent they are or will be used to pay for the care;

(4) an award under AS 18.67 (Violent Crimes Compensation Board) or a crime victim's reparations Act of another jurisdiction;

(5) benefits paid or payable as a longevity bonus under AS 47.45;

(6) compensation or benefits paid or payable and exempt under federal law;

(7) liquor licenses granted under AS 04;

(8) limited entry permits granted under AS 16.43, except as provided in that chapter.

(b) The right to benefits held by the state on behalf of an individual which may become payable by reason of disability, unemployment or illness, amounts held in the teachers', [OR] public employees', or judicial retirement system, and child support collections made by the child support enforcement agency are exempt.

(c) Property of the state, a general law or home rule

municipality, the Alaska State Building Authority, the Alaska Municipal Bond Bank Authority, or other state public corporation is exempt.

(d) Real property held by a cemetery association establish under AS 10.30 for the purpose of a cemetery and not exceeding 80 acres is exempt.

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Administration  
 Title: An Act Relating To BRU: Retirement and Benefits  
 Public Employee Benefits . . .  
 Sponsor: Rules Components: Retirement and Benefits  
 Requestor: Governor Cowper

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:	0	0	0	0	0	0
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This bill provides for technical corrections to the Teachers' Retirement System, Judicial Retirement System and the Supplemental Benefits System. There is no fiscal impact anticipated resulting from these changes.

Prepared By: Sally Smith *Sally Smith* Phone: 465-4470  
 Division: Retirement and Benefits Date: \_\_\_\_\_  
 Approved by Commissioner: John M. Andrews *J.M.A.* Date: 12/21/88  
 Agency: Department of Administration

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

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

Bill Version: HB 73  
Publish Date: HOUSE 1/9/89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Relating to Public Employee  
Benefits  
Sponsor: Rules  
Requestor: Governor

Agency Affected: Department of Revenue  
BRU: Treasury Division  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE</b>	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS:

Prepared By: Milt Barker MB  
Division: Treasury

Phone: 465-2350  
Date: 12-19-88

Approved by Commissioner: [Signature]  
Agency: Department of Revenue

Date: 12/19/88

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

**HB**

**74**

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER HB 74

SPONSOR House Finance Comm.

BILL TITLE Lease - finance Seward Student Service Center

DATE REFERRED 3/20/89

HEARING SCHEDULED 3/31/89

FISCAL NOTE PREPARED ✓

SPONSOR CONTACTED ✓ Milt

INTERESTED PARTIES CONTACTED

✓ Milt Barker, DOR 2350

✓ Julia Tucker, ASBA 562-2813

NO ✓ Mary Hakala, DOE 2800  
doesn't affect directly

in lease budget in Admin.

OTHER

SENATE COMMITTEE REPORT

FURTHER

FIN

3/20/89

DATE TURNED INTO OFFICE 4-5-89

Mr. President:

STATE AFFAIRS

Committee considered CSHB 74 (FIN)

acquisition and financing of the Seward Student Service Center by the Alaska State Building Authority, and relating to the use of a lease-financing agreement for the project; efd and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

**FISCAL NOTE(S)**  zero  fiscal impact  appropriation no FN  
 new  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*Al Adams*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
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 \_\_\_\_\_

*Paul Healy (NO REC)*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*Pat Lammert do pass*  
Chairman signature and recommendation

Committee Backup attached

# 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 31 Committee Hearing  
DATE: March 30, 1989

On Friday, March 31 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

#### SR 8, Requesting a hiring freeze for state employees

SR 8 would request that the Governor institute an immediate hiring freeze. The resolution is intended to address the projected FY 90 budget deficit.

#### SB 232, An Act relating to certain beverage dispensary licensees

SB 232 would authorize the holder of a beverage dispensary license issued to a hotel, motel, resort or similar business to stock alcoholic beverages in guest rooms. The beverages could be consumed only on the premises. Access would be restricted to guests age 21 and older, and would be controlled through a lock system.

The bill is intended to address the expectations of travelers accustomed to receiving hospitality services in their rooms.

#### HB 74, An Act relating to the acquisition and financing of the Seward Student Service Center by the Alaska State Building Authority, and relating to the use of a lease-financing agreement for the project

HB 74 gives the approval required under AS 18.55.100(d) for ASBA to provide lease financing for the Seward Student Service Center. The proposal is essentially the refinancing of an existing State

March 31 Memo

Page 2

lease-financed project. The refinancing is estimated to result in present value savings in state rental payments of \$1,203,001 over the ten year repayment term. Savings in FY 90 would be \$433,229, and from \$68,000 to \$87,000 in subsequent years.

Under AS 18.55.100(d), ASBA may not proceed with any public building project until it is approved by law. HB 74 would also serve as the legislative approval required under AS 36.30.080(c) for any lease financing agreement that has annual rent in excess of \$1 million.

The Seward Student Service Center is a student lounge and recreation complex for the Alaska Vocational-Technical Center (AVTEC) at Seward. AVTEC is the only state-operated adult vocational training facility in Alaska. The Center was completed and occupied by the state in April 1985.

HB 74 LEASE-FINANCING OF SEWARD STUDENT SERVICE CENTER

TO TESTIFY

MILT BARKER, DEPT. REVENUE

(A.S.B.A. AND DEPT. EDUCATION BOTH SAY DEPT. REVENUE IS HANDLING)

F.Y.I.

UNDER HB 74, STATE'S ANNUAL LEASE PAYMENT WOULD BE LESS THAN CURRENT -- BEGINNING FY 90 IF BILL PASSES THIS SESSION. HOWEVER, FISCAL NOTE SAYS DON'T REDUCE FY 90 DEBT SERVICE APPROPRIATION YET BECAUSE ACTUAL AMOUNT OF SAVINGS WON'T BE KNOWN UNTIL THE BONDS ARE SOLD. INSTEAD, JUST EXPECT THE MONEY TO LAPSE.

GOVERNOR'S FY 90 BUDGET FOR DEBT SERVICE IS \$12,106.3:  
6,551.1 A.S.B.A. BONDS (OLD A.S.H.A. STUFF)  
4,333.9 SPRING CREEK  
366.5 PALMER COURTHOUSE  
850.7 SEWARD STUDENT CENTER (ANTICIPATE 764.3 IF  
HB 74 PASSES)

GOVERNOR'S TRANSMITTAL LETTER SAYS HE'S SENDING THIS TO LEGISLATURE FOR OUR APPROVAL OUT OF THE GOODNESS OF HIS HEART, SINCE HE THINKS THE APPROVAL REQUIREMENT VIOLATES THE CONSTITUTIONAL SEPARATION OF POWERS. PACKET CONTAINS MEMO FROM LEGISLATIVE LEGAL EXPLAINING THIS A LITTLE BIT MORE.

NAME: JERRY MCUTCHEON  
TITLE:  
ADDRESS: 121 W. 11TH  
CITY: ANCHORAGE ZIP: 99501  
PHONE: 277-3076  
BILL NO: HB 74  
SUBJECT: SEWARD STUDENT SERVICE CENTER  
MESSAGE: NO HOUSE MEMBER KNEW FACTS? BEING CURIOUS AS TO WHICH PRIVATE DEVELOPER HAS BENEFITING I ASKED THE LIO OFFICE TO ASK HOUSE FINANCE WHO DIDN'T KNOW, AND REFERRED THE LIO OFFICE TO THE GOVERNOR'S OFFICE. DO WE HAVE AN ARMS LENGTH TRANSACTION? WHO AUTHORIZED THE CONSTRUCTION AND RENTAL AGREEMENT? IF IT WAS SOUND JUDGEMENT THEN, WHAT CHANGED? WHAT WERE THE ORIGINAL TERMS AND CONDITIONS? WILL THE SENATE DO ANY BETTER?

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

32  
MB 74

January 9, 1989

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

Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that gives legislative approval to a lease-financing project: the acquisition and refinancing of the Seward Student Service Center by the Alaska State Building Authority (ASBA). The terms of AS 36.30.080(c) and AS 18.55.100(d) require this legislative approval.

Provisions such as those in AS 18.55.100(d) and AS 36.30.-080(c), requiring specific executive-branch activities to be submitted to the legislature for approval before they may proceed, raise a substantial question of constitutionality under the separation-of-powers doctrine. It has long been the Administration's position that such provisions are invalid. However, like my predecessors, I am aware of the legislature's interest in projects such as these and am, as a courtesy to the legislature, submitting these projects for approval.

Under AS 18.55.100(d), the bill authorizes ASBA to acquire the Seward Service Center and to provide financing for the acquisition. Under AS 36.30.080(c), the Department of Administration may enter into a lease-financing agreement with ASBA for the student center.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steve Cowper".

Steve Cowper  
Governor

HB 74  
3

RECEIVED JAN 20 1989

January 12, 1989

*list to all Senators*



The Honorable Tim Kelly  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Kelly:

The assistance of the Alaska State Building Authority has been requested by the Alaska Department of Administration to provide lease-financing for a public building--the Seward Student Service Center. The project is being submitted for review by the legislature pursuant to AS 18.55.100(d).

The project is essentially a refinancing of an existing State lease-financed project. The refinancing would result in substantial savings in lease rental payments over the payment schedule to which the State is now committed. The refinancing contemplates a purchase by the Authority of the facility from the current lessor, Delta Fox, Ltd. (formerly Dick Fischer Development, Inc.). The Authority would issue financing in an amount sufficient to provide the \$4,988,016 needed for the purchase as well as a reserve fund and costs of issuance. The Department of Revenue has estimated an issuance of \$5,600,000 for the Student Center. The new lease of the facility to the State is estimated by the Department of Revenue to result in present value savings in State rental payments of \$1,203,001. The enclosed letter from Commissioner John Andrews contains information in more detail concerning this refinancing.

Under AS 18.55.100(d), approval by law of the project is a prerequisite to the undertaking of any public building project by the Authority.

The Alaska State Building Authority welcomes this opportunity to serve the State in realizing cost savings in the financing of public building projects.

Sincerely,

ALASKA STATE BUILDING AUTHORITY

Ray Price  
Executive Director

Enclosure

jt:ss:c:\wp50\rp\1\rptk.1

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX C  
JUNEAU, ALASKA 99811-0200  
PHONE: (907) 465-2200

*Distressed to all members*  
January 18, 1989

The Honorable Tim Kelly  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Mr. President:

In compliance with AS 36.30.080(c), I wish to inform you that the Department of Administration intends to enter into a lease-financing agreement for the Seward Student Service Center which may have annual rent in excess of \$1,000,000 to be paid by the State. The agreement is expected to be with the Alaska State Building Authority (ASBA) as lessor. The State would assign its purchase option under an existing lease-financing agreement to ASBA. ASBA would issue debt and use the proceeds to exercise the purchase option. State lease rental payments under the new lease-financing agreements with ASBA would pay the debt service on ASBA debt. The reason for this undertaking is that the State's lease rental payments would decrease significantly under the new lease-financing agreement as a result of declines in interest rates. The current lessor's proceeds from sale of the leased facilities to ASBA will be used to payoff currently outstanding debt issued by the current lessor.

Under the proposed lease-financing agreement, ASBA would acquire the Seward Student Service Center from Delta Fox, Ltd. (formerly Dick Fischer Development, Inc.) at one of the prices listed below:

### Seward Student Service Center

<u>Closing Date of Property Sale</u>	<u>Price</u>
July 1 - July 30, 1989	\$4,988,016.00
July 1 - July 30, 1990	\$4,717,860.00
July 1 - July 30, 1991	\$4,422,324.00
July 1 - July 30, 1992	\$4,094,640.00
July 1 - July 30, 1993	\$3,778,756.00
July 1 - July 30, 1994	\$3,360,876.00
July 1 - July 30, 1995	\$2,942,952.00
July 1 - July 30, 1996	\$2,474,832.00
July 1 - July 30, 1997	\$1,952,004.00
July 1 - July 30, 1998	\$1,370,520.00
July 1 - July 30, 1999	\$ 722,484.00

The Seward Student Service Center is a student lounge and recreation complex for the Alaska Vocational-Technical (Vo-Tec) Center at Seward. The Vo-Tec Center is the only State-operated adult vocational training facility in the State. The Center was completed and occupied by the State in April 1985.

Assuming the sale is closed during July 1 to July 30, 1989, the purchase price would be \$4,988,016. The anticipated amount of the ASBA financing for this project would be \$5,600,000 including the costs of issuance. The resulting anticipated annual lease rental payments by the State compared to existing payments would be:

Seward Student Service Center

<u>Fiscal</u> <u>Year</u>	<u>Anticipated Rent</u>	<u>Existing Rent<sup>1/2/</sup></u>	<u>Savings</u>
1990	\$ 764,307	\$ 803,160	\$ 433,229 <sup>3/</sup>
1991	737,872	806,348	68,476
1992	741,840	809,550	67,710
1993	738,102	812,763	74,661
1994	742,352	815,990	73,638
1995	738,915	819,230	80,315
1996	738,037	822,482	84,445
1997	739,337	825,747	86,410
1998	742,097	829,025	86,928
1999	<u>181,202</u>	<u>832,317</u>	<u>651,115</u>
TOTAL	<u>\$6,864,061</u>	<u>\$8,176,612</u>	<u>\$1,706,927</u>

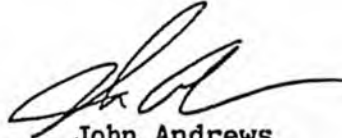
Notes to Seward Student Service Center Table:

- 1990 and later existing rents are reduced by the credit for payment one year in advance.
- 1991 and later existing rents have been escalated by the July 1984 to July 1986 increase in the Anchorage CPI pursuant to inflation adjustment provision of the lease.
- 1990 savings includes \$394,375.30 rebate under existing lease calculated as follows: June 10, 1989 Existing Rent Payment of \$842,275.20 - \$39,115.40 credit for payment one year advance - (\$6,090,000 certificates outstanding + 2% call premium of \$121,800 - \$4,988,016 purchase price - \$815,000 reserve fund).

Page 3

The present value of the savings to the State is estimated at \$1,203,001 using the estimated 6.7542 percent true interest cost on the proposed ASBA financing.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'John Andrews', written in a cursive style.

John Andrews  
Commissioner of Administration

JA/MB/gb

8534H

# CITY OF SEWARD

P.C. 73, 167  
SEWARD, ALASKA 99664



- Main Office (907) 224-3331
- Police (907) 224-3338
- Harbor (907) 224-3341
- Telecopier (907) 224-3248

## CERTIFICATE OF OCCUPANCY

IT IS HERewith CERTIFIED THAT A FINAL INSPECTION OF THE WORK AUTHORIZED BY BUILDING PERMIT NO. 84-24, ISSUED TO Dick Fischer Development

FOR THE BUILDING OR STRUCTURE DESCRIBED AS:

AVTEC Student Service Center, Block 29 OTS

HAS BEEN PERFORMED,

AND THE DESCRIBED WORK COMPLIES WITH THE PROVISIONS AND REQUIREMENTS OF THE CITY OF SEWARD CODE CHAPTER 6, AND ALL APPLICABLE CODES REFERENCED THEREIN, FOR THE GROUP AND DIVISION OF OCCUPANCY AND THE USE FOR WHICH THE PROPOSED OCCUPANCY IS CLASSIFIED.

USE AND OCCUPANCY OF THE ABOVE DESCRIBED BUILDING OR STRUCTURE IS HEREBY AUTHORIZED BY THE CITY OF SEWARD BUILDING DEPARTMENT.

This Certificate of Occupancy is issued with the provision that the parking requirements established for the building be completed within a reasonable time, weather permitting.

[Signature]  
BUILDING INSPECTOR

CITY OF SEWARD  
SEWARD, ALASKA

DATE April 29, 1975

APR 29 1975  
32-2-112-111

# 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: April 5 Committee Meeting  
DATE: April 4, 1989

On Wednesday, April 5 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

SB 201, An Act making a special appropriation to the Department of Transportation and Public Facilities for an environmental impact statement concerning Seward and Kodiak as homeports for navy ships

SB 201 would appropriate \$750,000 to the Department of Transportation for preparation of an environmental impact statement on the establishment of homeports in Seward and Kodiak. At the sponsor's request, a draft committee substitute has been prepared that clarifies funds would also be used for work associated with feasibility assessments, the negotiation of agreements with the Navy, and any necessary legal activity. Unused funds would lapse to the general fund June 30, 1990.

In 1988 the legislature approved a resolution (SJR 55) supporting a homeport, and indicating the state's willingness to consider investment of as much as \$100 million for capital improvements. The resolution specified that the commitment of funds was contingent upon the completion of a cost-benefit analysis demonstrating that the state would derive net benefits from its investment.

The Navy's January 1989 letter to DOT, which announced Kodiak and Seward as the preferred Alaskan sites, indicated that "due to the constrained budget climate in Washington, the entire capital cost of a new homeport facility in Alaska would be an Alaskan investment". The letter also indicated that the next step would be joint preparation of an EIS.

Committee Memo  
April 5, 1989  
Page 2

SB 232, An Act relating to certain beverage dispensary licensees

SB 232 would authorize the holder of a beverage dispensary license issued to a hotel, motel, resort or similar business to stock alcoholic beverages in guest rooms. The beverages could be consumed only on the premises. Access would be restricted to guests age 21 and older, and would be controlled through a lock system.

The bill is intended to address the expectations of travelers accustomed to receiving hospitality services in their rooms.

HB 73, An Act making technical amendments to public employee benefits statutes

HB 73 would correct changes to statute inadvertently made last year. Section 1 reinstates the policy of income and interest earned on the Teachers Retirement Fund being returned to the fund.

Section 2 clarifies the procedure under which judges who have had contributions to the retirement account involuntarily refunded can repay the contributions, conforming the procedure to that currently followed under TRS and PERS.

Section 3 clarifies that, because municipal as well as state employees can be members of PERS, the "employer" of a supplemental benefits system member -- not the Department of Administration -- is required to make payments to the member's account.

In addition, HB 74, An Act relating to the financing of the Seward Student Service Center by ASBA, will be back before the committee. The Department of Revenue is preparing additional information on the current and proposed financing agreements.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 21, 1989

SUBJECT: Separation of powers doctrine and HB 74  
TO: Representative H.A. "Red" Boucher  
FROM: Theresa Bannister *TB*  
Legislative Counsel

You have requested our views regarding the constitutional issue raised by Governor Cowper in his transmittal letter for HB 74. In that letter he maintains that the position of the executive branch is that the legislative approval requirement of AS 18.55.100(d) and AS 36.30.080(c) violates the separation of powers doctrine in the state constitution. He does not challenge the statutory provisions but is content with expressing the position while complying with the statutes.

The purpose of the separation of powers doctrine is to avoid too great a concentration of power in one branch of government. The doctrine precludes one branch from exercising the powers of another branch or intruding into the functions of another branch. This separation of powers doctrine has been held to be implicit in the state constitution. Alaska State-Operated School System v. Mueller, 536 P.2d 99 (Alaska 1975); Public Defender Agency v. Superior Court, 534 P.2d 947 (Alaska 1975); State v. Carlson, 555 P.2d 269 (Alaska 1976). The separation of powers doctrine requires that the blending of governmental powers will not be inferred in the absence of an express constitutional provision. Bradner v. Hammond, 553 P.2d 1 (Alaska 1976).

The issue that is raised here is whether the legislature can require the executive branch to obtain the legislature's approval before proceeding with certain projects. AS 18.55.100(d) prohibits the Alaska State Building Authority from proceeding with a public building project unless the project has been approved by the legislature. AS 36.30.080(c) prohibits the executive branch from entering into a lease or lease-financing agreement over \$1,000,000 without legislative approval.

Representative H. A. "Red" Boucher

Page 2

February 21, 1989

The governor can argue that the decision whether to proceed with these projects is committed to the discretion of the executive branch, and, that, therefore, the legislature has no right to interfere. This is based on the governor being charged constitutionally with executing the laws. Sec. 16, art. III, Constitution of the State of Alaska. Once the legislature establishes the criteria for the projects by statute, the executive branch applies the criteria and makes the decisions. The governor can then argue that by reserving to itself the power to decide whether to implement a project, the legislature is actually administering the statutes.

The legislature's response to such an argument would be that the approval requirement serves the important purpose of legislative oversight over large projects. Since the projects are the type that will require continuing budget appropriations by the legislature, initial legislative approval will help to insure that the projects will continue to receive legislative appropriations in the future. The legislature could also argue that the approval is just an adjunct to the legislature's undisputed power to provide for the appropriation of money. Enourato v. New Jersey Building Authority, 448 A.2d 449, 453-455 (N.J. 1982); Baliles v. Mazur, 297 S.E.2d 695, 700-701 (Va. 1982).

The Alaska supreme court has not decided this exact issue, and it would be difficult to predict what it would do. However, as you can see, there is precedent in other states for the legislative position proposed above.

If I may be of further assistance, please advise.

TB:kb  
wkk2/029

# AS 18.55.100 (d) - Leg. Approval - ASBA Projects

§ 18.55.105

ALASKA STATUTES

§ 18.55.110

§ 18.55.120

(3) [Repealed, § 1 ch 116 SLA 1968.]

(4) for the purposes of this subsection, AS 18.55.130 and 18.55.330 do not apply.

(c) Any two or more authorities may join or cooperate with one another in the exercise of any or all of the power conferred by the housing authorities law for the purpose of financing, planning, undertaking, constructing or operating a housing project or projects located within the area of operation of one or more of the authorities.

(d) Notwithstanding (a)(7) and (15) of this section, a proposed public building project shall be submitted by the authority to the legislature for review. The authority may proceed with the public building project only if it is approved by law. An appropriation does not constitute approval by law for purposes of this subsection. (§ 40-7-6 ACLA 1949; am § 2 ch 8 SLA 1949; am § 1 ch 38 SLA 1964; am § 1 ch 79 SLA 1964; am §§ 3, 4 ch 99 SLA 1965; am § 2 ch 60 SLA 1966; am § 2 ch 118 SLA 1967; am §§ 1, 2 ch 116 SLA 1968; am § 1 ch 151 SLA 1975; am § 2 ch 103 SLA 1986)

Effect of amendments. — The 1986 amendment added subsection (d).

## NOTES TO DECISIONS

Cited in *Hardy v. Island Homes, Inc.*, Sup. Ct. Op. No. 48 (File No. 39), 363 P.2d 637 (1961).

*Sec. 18.55.105. Lease of authority's public buildings to political subdivisions. [Repealed, § 3 ch 118 SLA 1967.]*

**Sec. 18.55.110. Cooperation with and aid of federal government.** The authority may do all things necessary or desirable to cooperate with or act as agent for the federal government, or to secure financial aid for housing projects for veterans of World War II and other citizens of the state, provided that those projects may not be undertaken unless an acute shortage of housing exists. With respect to those projects, the authority may not be subject to limitations, restrictions or requirements of other laws, except those relating to land acquisition, prescribing or limiting the procedure or action to be taken in the development or administration of any buildings, property, public works, undertakings or projects of municipal or public corporations or agencies of the state. (§ 40-7-7 ACLA 1949; am § 3 ch 8 SLA 1949)

# Projects

Sec. 18.55.1 authority shall rentals fixed a tary dwellings operated for p state. Rentals the authority with all other pay, as they meet the cost insurance and than the six reserve suffic due in any on ACLA 1949;

Cited in *Hardy v. Island Homes, Inc.*, Sup. Ct. Op. No. 48 (File No. 39), 363 P.2d 637 (1961).

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(b) Except as otherwise provided in AS 18.55.110, the authority shall not be subject to the income limitation and rent control provisions of the United States Housing Act of 1949, as amended, which apply to public housing projects.

(1) the factors that

(2) the expediency of the

(c) Rentals for housing projects shall be fixed at a level which will enable a family or individual to obtain housing under the Housing Act of 1949.

Sec. 36.30.070. Supply management. The commissioner shall adopt regulations governing the

- (1) management of supplies during their entire life cycle;
- (2) sale, lease, or disposal of surplus supplies by public auction, competitive sealed bidding, or other appropriate method;
- (3) purchase of surplus supplies by an employee of the using or disposing agency; and
- (4) transfer of excess supplies. (§ 2 ch 106 SLA 1986)

**Sec. 36.30.080.** Leases. (a) The department shall lease space for the use of the state or an agency wherever it is necessary and feasible, subject to compliance with the requirements of this chapter. A lease may not provide for a period of occupancy greater than 40 years. An agency requiring office, warehouse, or other space shall lease the space through the department.

(b) The department may enter into lease-financing agreements, including lease-purchase agreements and agreements related to the issuance of certificates of participation. A lease-financing agreement must provide that lease payments are subject to annual appropriation.

(c) If the department intends to enter into a lease or lease-financing agreement with an annual rent to the state anticipated to exceed \$1,000,000, the department shall provide notice to the legislature. The notice must include the anticipated annual lease obligation amount and the anticipated total construction, acquisition, or other costs of the project. The department may not enter into an agreement under this subsection unless the project has been approved by the legislature by law. An appropriation for the project does not constitute approval of the project for purposes of this subsection. (§ 2 ch 106 SLA 1986)

**Article 2. Competitive Sealed Bidding.**

**Section**

- 100. General policy
- 110. Invitation to bid
- 115. Subcontractors
- 120. Bid security
- 130. Public notice of invitation to bid
- 140. Bid opening

**Section**

- 150. Bid acceptance and bid evaluation
- 160. Late bids; correction or withdrawal of bids; cancellation of awards
- 170. Contract award after bids
- 190. Multi-step sealed bidding

Effective date of article. — Section 69, ch. 106, SLA 1986, as amended by § 27, ch. 65, SLA 1987, provides that this article takes effect January 1, 1988.

Collateral references. — Right of mu-

nicipal corporation to recover back from contractor payments made under contract violating competitive bidding statute. 33 ALR3d 397.

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MEMORANDUM

STATE OF ALASKA

DEPARTMENT OF REVENUE

TO: Alison Elgee  
Director  
Budget Review

DATE: September 23, 1988

FILE NO:

TELEPHONE NO: 465-2350

THRU:

SUBJECT: FY 90 Debt Service  
and Front Sections

FROM: Milton B. Barker *MB*  
Deputy Commissioner  
Department of Revenue

The amounts required for debt service and trustee fees to be paid by the State Bond Committee during FY 90 are:

	<u>Debt Service</u>	<u>Trustee fees</u>	<u>Fund Source</u>
General Obligation Bonds	\$120,306,290	\$80,000	General Fund
International Airports Revenue Bonds	8,707,584	30,000	International Airports Revenue Fund

"Front sections" of the general appropriations bill also are needed to appropriate the lease rental payments that the State is required to make to

1. the Alaska State Building Authority for lease of facilities constructed with the proceeds of lease revenue bonds issued by that agency, at the time, the Alaska State Housing Authority;
2. the City of Seward for lease of the Spring Creek Correctional Center which was constructed with the proceeds of Certificates of Participation issued by the City;
3. Delta Fox, Ltd. for lease of the Seward Student Service Center which was constructed with the proceeds of Certificates of Participation issued by Delta Fox, Ltd.; and

Alison Elgee  
 Page 2  
 September 23, 1988

4. the City of Palmer for lease by the Court System of a courthouse in Palmer which was constructed with the proceeds of revenue bonds issued by the City.

The State's lease payments are the security for the bond and certificates. As indicated by the attached letter from Standard & Poor's, failure to make these lease payments would have similar consequences for the State's credit standing and ability to borrow as a default on the State's general obligation bonds would have.

The "front section" should read:

\* Sec. . The sum of \$12,106,257.68 is appropriated from the general fund to the State Bond Committee for lease payments to the Alaska State Building Authority, City of Seward, Delta Fox, Ltd., and the City of Palmer.

This appropriation is not net of a \$39,115.40 rebate of Seward Student Service Center rent that the Department of Administration receives pursuant to Section 5.6 of the Seward Student Service Center Commercial Lease (attached). The rebate is deposited in the general fund as unrestricted revenue.

The amounts of lease payments to maturity of the lease revenue bonds and certificates are as follows:

	<u>ASBA Bonds</u>	<u>Spring Creek</u>	<u>Student Service Center<sup>1</sup></u>	<u>Palmer Courthouse</u>
FY 90	\$ 6,555,108.39	\$ 4,333,923.84	\$ 850,697.95	\$ 366,527.50
FY 91	6,550,775.90	4,333,923.84	850,697.95	365,577.50
FY 92	6,567,048.41	4,333,923.84	850,697.95	366,117.50
FY 93-94	9,096,153.75	8,667,847.68	1,701,395.90	726,545.00
FY 95-06	<u>1,536,107.50</u>	<u>53,090,568.18</u>	<u>4,295,603.52</u>	<u>5,008,528.75</u>
	\$30,305,173.95	\$74,760,187.38	\$8,549,093.27	\$6,971,072.50

<sup>1</sup> These amounts are not net of the \$39,115.40 rebate. The amounts for FY 90 through FY 94 are escalated per Section 5.2 of the Commercial Lease assuming a 10% increase in the CPI and escalated further for FY 95 - 99 assuming a further 10% CPI increase to \$859,120.70 per annum.

Like previous general appropriations acts, an additional "front section" for FY 90 is required which would read as follows:

Alison Elgee  
Page 3  
September 23, 1988

\* Sec. . . The amount of the Rebate Requirement, as defined by Resolution No. 86-5 of the state bond committee, is appropriated from the International Airports Revenue Fund to the state bond committee for deposit in the Rebate Fund established by Resolution No. 86-5 of the state bond committee.

The section appropriates the arbitrage earned on International Airports Revenue Bonds, Series G, to a Rebate Fund for payment to the United States government. The arbitrage rebate is required by the Internal Revenue Code and regulations. The appropriation request from the International Airports Revenue Fund is required by section 16.09 of Resolution No. 86-5 of the State Bond Committee which authorizes the Series G bonds and which reads in part:

"Rebate Fund. There is hereby created and established with the Trustee a Rebate Fund. Notwithstanding anything in the Resolution to the contrary, amounts deposited in the Rebate Fund shall not constitute Revenues and are not pledged as security for payment of the Bonds of Series G or any other Bonds or obligations issued pursuant to the Resolution, but shall be held by the Trustee hereunder solely in trust for the benefit of the United States.

Prior to December 31 of each Fiscal Year, the State shall estimate the amount of the Rebate Requirement for the next succeeding Fiscal Year (including any deficiencies in the amounts deposited in the Rebate Fund with respect to any prior Fiscal Year), and shall include such amount in the budget for the Revenue Fund for such next succeeding Fiscal Year."

MBB/gb

Attachment

cc: Hugh Malone, Commissioner of Revenue  
Bob Link, Director, Division of General Services and Supply,  
Department of Administration

Standard & Poor's Corporation  
25 Broadway, New York, New York 10004



December 29, 1983

RECEIVED

JAN 03 1984

ALASKA DEPARTMENT OF REVENUE  
TREASURY DIVISION  
JUNEAU

Mr. Milt Barker  
Deputy Commissioner  
Department of Revenue  
11th Floor State Office Bldg.  
Pouch, SB  
Juneau, Alaska 99811

Dear Mr. Barker:

I would like to respond to your letter of December 13, regarding our views on lease obligations.

Lease Payments are viewed in essentially the same light as debt service on general obligation bonds; regardless of whether the obligation is cancellable due to non-appropriation. In fact, debt obligations secured by lease payments are included in our computations for overall debt burden.

Many states do not consider lease rental debt under debt limitation laws, primarily because legal interpretations view the obligations to pay rent as an annual budget item, and not a long term debt with a continuing appropriation. The fact remains, however, that the debt is still outstanding, and payable for as long as the property is being used by the lessee. While many leases permit non-payment of rent and cancellation of lease obligations, Standard & Poor's would be very concerned about an issuer's general obligation rating, in those cases where leases were cancelled as a ploy to avoid paying debt obligations.

I've enclosed some information regarding our approach to rating lease-rental debt obligations. If you have any further questions, feel free to contact Vladimir Stadnyk or myself at (212) 201-1767.

Very Truly Yours,

Richard P. Larkin  
Managing Vice President  
Municipal Finance Department

cc: V. Stadnyk  
T. Arthur

issued for each July. The percentage increase, if any, in the CPI issued for July 1989 and July 1994 over the CPI issued for July 1984 will determine the maximum allowable adjustment of variable costs over the original Rent. The adjustment is not cumulative; it is to be computed from the base CPI, July 1984 for both the 1990 and the 1995 adjustment actions. Adjusted annual Rental Rate will be computed as follows:

$$[(10\% \times \text{Rent}) \times \% \text{ of change in CPI}] + \text{Rent} = \text{Adjusted Annual Rental Rate}$$

No retroactive adjustments will be allowed:

### 5.3. State's Obligations and Remedies

State's obligation to pay Rent due with respect to the Premises and to perform and observe all other covenants and agreements of State contained herein shall be absolute and unconditional except for the failure of the Legislature to appropriate funds; and the Rent due and payable hereunder shall be made without notice or demand and without set-off, counterclaim, abatement, deduction or defense except that State may offset against the Rent an amount not to exceed \$10,000 for claims due to State by Landlord under this Lease and the Ground Lease. However, nothing herein shall be construed to release Landlord from the performance of its obligation and State may institute such legal action against Landlord as State may deem necessary to compel the performance of such obligation.

### 5.4 Nonsubstitution

If this Lease is terminated by State in accordance with Section 3.1, State agrees for a period of one year that its Department of Education will not to construct, purchase, lease, operate, contract for or use any facilities which are functionally similar to the Premises or any of the uses which are functionally similar to any of the uses of the Premises, and agrees not to permit functions similar to those performed through the use of the Premises to be performed by an agency or entity affiliated with or hired by or for the Department of Education.

### 5.5 Budget Request and Appropriation

State will, prior to the commencement of each fiscal year for which this Lease is in effect, include the Rent due in such fiscal year in its annual budget request to the Legislature. State agrees to use any appropriation legally available for the Rent and to immediately encumber available appropriations for such payments prior to allocating or encumbering funds for the projects or costs for which no legal obligation to pay exists.

### 5.6 Consideration for Advance Rent

Concurrently with the payment by State of the Annual Rent, Landlord shall pay to State the sum of \$39,115.40 as consideration for payment of the Rent one year in advance, except that such payment shall be proportionately reduced to the extent that State exercises a right of

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

TREASURY DIVISION  
April 5, 1989

STEVE COWPER, GOVERNOR

ELEVENTH FLOOR  
STATE OFFICE BUILDING  
P.O. BOX SB  
JUNEAU, ALASKA 99811-0400

The Honorable Pat Pourchot  
Chairman  
Senate State Affairs Committee  
Alaska State Legislature  
P. O. Box V  
Juneau, Alaska 99811

Rec'd 1:30 pm  
4-5-89

Dear Senator Pourchot:

At the request of the Senate State Affairs Committee, I submit the following information regarding HB 74, "An Act relating to the acquisition and financing of the Seward Student Service Center by the Alaska State Building Authority, and relating to the use of a lease-financing agreement for the project."

interest  
current  
7.3336%  
FIN analysis  
6.7542%  
estimate  
7.25%

The true interest cost on the existing debt (Refunding Certificates of Participation in Rent, 1986) is 7.3336%. The true interest cost assumed in the fiscal note is 6.7542%. The fiscal note analysis was done September 27, 1988. Since that time interest rates have risen to the point that the estimated true interest cost on the Alaska State Building Authority ("ASBA") financing for the project would be about 7.25%, only slightly below the rate on the existing debt.

Using last fall's estimated interest cost, the expected savings on rent payments by the State would be as follows if ASBA were to acquire the facility this July:

Fiscal Year	Seward Student Service Center		
	Anticipated Rent	Existing Rent 1/2/	Savings
1990	\$ 764,307	\$ 803,160	\$ 433,229 3/
1991	737,872	806,348	68,476
1992	741,840	809,550	67,710
1993	738,102	812,763	74,661
1994	742,352	815,990	73,638
1995	738,915	819,230	80,315
1996	738,037	822,482	84,445
1997	739,337	825,747	86,410
1998	742,097	829,025	86,928
1999	181,202	832,317	651,115
Total	<u>\$6,864,061</u>	<u>\$8,176,612</u>	<u>\$1,706,927</u>

at 6.7542% - what if 7.25%?

### Notes

- 1990 and later existing rents are reduced by the credit for payment one year in advance.
- 1991 and later existing rents have been escalated by the July 1984 to July 1986 increase in the Anchorage CPI pursuant to inflation adjustment provisions of the lease.
- 1990 savings includes \$394,375.80 rebate under existing lease calculated as follows:  
June 10, 1989 Existing Rent Payment of \$842,275.20 - \$39,115.40 credit for payment one year advance - (\$6,090,000 certificates outstanding + 2% call premium of \$121,800 - 4,988,016 purchase price - \$815,000 reserve fund).

The present value of the total projected savings in rent (\$1,706,927) would be \$1,203,001 using the assumed 6.7542% interest rate.

Since current interest rates are up from last fall, ~~so close to the rate on the existing debt, the savings would be significantly reduced.~~ The State would still receive a rebate of \$394,375.80 as explained in note 3 to the above table if the acquisition by ASBA took place. However, with interest rates and the economy appearing to be approaching peaks in their cycles and with a difference of only 50 basis points (.5 percent) required to produce the savings projected above, the State would probably refrain from executing this refinancing until interest are back closer to the 6.75% or less of last fall. Similar analyses to that shown above would be performed to determine when to proceed. The State Bond Committee has used a present value savings of 3 percent of the amount of new debt issued to warrant a refinancing. The interest rates of last fall would produce a present value savings of 21.5 percent.

It would be desirable to have the authorizing statutes in place, so that this financing can proceed when interest rates warrant. The acquisition can only take place in July of any year at one of the following prices specified in the State's current lease:

Seward Student Service Center

<u>Closing Date of Property Sale</u>	<u>Price</u>
July 1 - July 30, 1989	\$4,988,016.00
July 1 - July 30, 1990	\$4,717,860.00
July 1 - July 30, 1991	\$4,422,324.00
July 1 - July 30, 1992	\$4,094,640.00
July 1 - July 30, 1993	\$3,778,756.00
July 1 - July 30, 1994	\$3,360,876.00
July 1 - July 30, 1995	\$2,942,952.00
July 1 - July 30, 1996	\$2,474,832.00
July 1 - July 30, 1997	\$1,952,004.00
July 1 - July 30, 1998	\$1,370,520.00
July 1 - July 30, 1999	\$ 722,484.00

Financing does not necessarily have to take place at the time of acquisition, but can be done in advance when interest rates warrant.

The purchase price basically tracks the amount of debt outstanding as follows

<u>July 1</u>	<u>Purchase Price</u>	<u>Certificates Outstanding</u>	<u>Redemption Price</u>
1989	\$4,988,016	\$6,090,000	102.0%
1990	4,717,860	5,705,000	101.5
1991	4,422,324	5,300,000	101.0
1992	4,094,640	4,865,000	100.5
1993	3,778,756	4,400,000	100.0
1994	3,360,876	3,905,000	100.0
1995	2,942,952	3,370,000	100.0
1996	2,474,832	2,795,000	100.0
1997	1,952,004	2,175,000	100.0
1998	1,370,520	1,500,000	100.0
1999	722,484	775,000	100.0

Section 2.6 of Amendment Number Two to the Commercial Lease between Delta Fox, Ltd. and the State of Alaska (enclosed) gives the State the option to purchase the facility at the above times and prices. Section 2.7 of Amendment Number Two provides for amounts remaining in the reserve fund for the existing debt (\$815,000) to be paid to the State upon purchase so long as the amount paid does not exceed the preceding annual rent payment less the credit of \$39,115.40 under Section 5.6 of the Lease (enclosed) for early payment.

Dick Fischer

Under Section 2.7 of the Amendment, it appears the current lessor, Delta Fox, Ltd. (formerly Dick Fischer Development, Inc.) has an incentive to defer the sale as long as possible in that the purchase price gradually comes closer to the redemption price of the Certificates (the amount outstanding multiplied by the redemption price). Thus, by 1999 very little of the \$815,000 reserve fund is needed to make up the shortfall of the purchase price relative to the redemption price. Thus, delay increases the amount of the reserve fund that will remain with the lessor after redemption of the outstanding certificates (which is required upon exercise of the State's option to purchase) and rebate to the State of an amount up to its preceding rent payment less the early payment credit (\$800,000+). The early payment would still be on deposit in the Payment Fund at the time of acquisition and together with the reserve fund would constitute the cash available for the redemption and rebate. Currently part of the early payment is needed in addition to the reserve fund to make up the shortfall between the purchase price and redemption price. In later years that is not the case and the early payment suffices to fund the State's rebate, leaving most of the reserve fund for the lessor.

Current rental payments and existing debt service payments are as follows:

Rent

<u>Fiscal Year</u>	<u>Existing Rent</u>	<u>Existing Debt Service</u>
1990	\$ 803,160	\$ 820,657.50
1991	806,348	824,737.50
1992	809,550	826,027.50
1993	812,763	824,407.50
1994	815,990	829,757.50
1995	819,230	831,237.50
1996	822,482	833,687.50
1997	825,747	842,187.50
1998	829,025	840,887.50
1999	832,317	835,062.50
	<u>\$8,176,612</u>	<u>\$8,308,650.00</u>

The Honorable Pat Pourchot  
April 5, 1989  
Page 4, 1989

The rent was in excess of the debt service on the original certificates issued by the lessor to allow for maintenance costs and profit to the lessor. The rent is now less than debt service because the original certificates were refunded and the present value savings were all taken up front, split 50 - 50 between the State and lessor.

Dick Fischer Development, Inc. was selected as developer and lessor for the project by a competitive sealed bid according to the Department of Administration. The bid was awarded solely on the basis of cost, with Dick Fischer Development, Inc. submitting the low bid.

compet-  
itive  
sealed  
bid

Sincerely,



Milton B. Barker  
Deputy Commissioner

MBB/ph

enclosures

89-102

option between the date of State's acceptance pursuant to Section 4.2 and June 30, 1987."

Section 2.7 Section 24.2 of the 1984 Commercial Lease is hereby amended to read as follows:

"The following Net Prices include all closing costs:

<u>Closing Date of Property Sale</u>	<u>Price</u>
July 1 - July 30, 1987	\$5,467,416.00
July 1 - July 30, 1988	\$5,236,740.00
July 1 - July 30, 1989	\$4,988,016.00
July 1 - July 30, 1990	\$4,717,860.00
July 1 - July 30, 1991	\$4,422,324.00
July 1 - July 30, 1992	\$4,094,640.00
July 1 - July 30, 1993	\$3,778,756.00
July 1 - July 30, 1994	\$3,360,876.00
July 1 - July 30, 1995	\$2,942,952.00
July 1 - July 30, 1996	\$2,474,832.00
July 1 - July 30, 1997	\$1,952,004.00
July 1 - July 30, 1998	\$1,370,520.00
July 1 - July 30, 1999	\$ 722,484.00

Upon payment of the option price set forth above, the Landlord shall cause the Trustee to call the 1986 Certificates for redemption on the earliest practicable date and to apply to the payment of the redemption price, in addition to the option price, to the extent necessary, any moneys remaining in the Payment Fund, the Reserve Fund or any other funds or accounts held under the Indenture. Upon the payment or defeasance of the 1986 Certificates, the Landlord shall cause the Trustee for the 1986 Certificates to pay to the State any funds held by the Trustee remaining in the Payment Fund, Reserve Fund or any other fund or account held under the Indenture but not in excess of the preceding Rent payment less the amount paid to the State pursuant to Section 5.6 hereof.

Section 2.4 Section 15.1 of the 1984 Commercial Lease is hereby amended to read as follows:

"STATE'S DEFAULT

The occurrence of any of the following shall constitute an event of default:

- (a) A default in the payment of the Rent due for a period of thirty (30) days after notice in writing.
- (b) A default in the performance of any other covenant or condition on the part of State to be performed for a period of thirty (30) days after service by Landlord on State of a written notice specifying a particular default or defaults, provided, however, that State shall not be in default of this Lease if steps to cure the default have been commenced promptly by State and in good faith State continues to prosecute those steps to completion, and provided, further, however, any failure to pay Rent as a result of specific legislative prohibition as described in Section 3.4 hereof shall not constitute an event of default."

Section 2.5 Article XX of the 1984 Commercial Lease is hereby amended to provide that the "NOTICE TO LANDLORD" shall read as follows:

"NOTICE TO LANDLORD: Delta Fox, Ltd.  
880 "H" Street, Suite 209  
Anchorage, AK 99501."

Section 2.6 Section 24.1 of the 1984 Commercial Lease is hereby amended to read as follows:

"State shall have the option to purchase outright the Student Service Center at the times and at the prices listed herein. Funds for such purchase may be provided from the proceeds of the issuance of refunding certificates of participation or bonds or from any other source. State shall not have any purchase

issued for each July. The percentage increase, if any, in the CPI issued for July 1989 and July 1994 over the CPI issued for July 1984 will determine the maximum allowable adjustment of variable costs over the original Rent. The adjustment is not cumulative; it is to be computed from the base CPI, July 1984 for both the 1990 and the 1995 adjustment actions. Adjusted annual Rental Rate will be computed as follows:

$$[(10\% \times \text{Rent}) \times \% \text{ of change in CPI}] + \text{Rent} = \text{Adjusted Annual Rental Rate}$$

No retroactive adjustments will be allowed:

### 5.3. State's Obligations and Remedies

State's obligation to pay Rent due with respect to the Premises and to perform and observe all other covenants and agreements of State contained herein shall be absolute and unconditional except for the failure of the Legislature to appropriate funds; and the Rent due and payable hereunder shall be made without notice or demand and without set-off, counterclaim, abatement, deduction or defense except that State may offset against the Rent an amount not to exceed \$10000 for claims due to State by Landlord under this Lease and the Ground Lease. However, nothing herein shall be construed to release Landlord from the performance of its obligation and State may institute such legal action against Landlord as State may deem necessary to compel the performance of such obligation.

### 5.4 Nonsubstitution

If this Lease is terminated by State in accordance with Section 3.1, State agrees for a period of one year that its Department of Education will not to construct, purchase, lease, operate, contract for or use any facilities which are functionally similar to the Premises or any of the uses which are functionally similar to any of the uses of the Premises, and agrees not to permit functions similar to those performed through the use of the Premises to be performed by an agency or entity affiliated with or hired by or for the Department of Education.

### 5.5 Budget Request and Appropriation

State will, prior to the commencement of each fiscal year for which this Lease is in effect, include the Rent due in such fiscal year in its annual budget request to the Legislature. State agrees to use any appropriation legally available for the Rent and to immediately encumber available appropriations for such payments prior to allocating or encumbering funds for the projects or costs for which no legal obligation to pay exists.

### 5.6 Consideration for Advance Rent

Concurrently with the payment by State of the Annual Rent, Landlord shall pay to State the sum of \$39,115.40 as consideration for payment of the Rent one year in advance, except that such payment shall be proportionately reduced to the extent that State exercises a right of offset pursuant to Section 5.3.

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

Bill Version: HB 74  
Publish Date: HOUSE 1/9/89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: State Bond Committee  
 Title: Authorizing Acquisition and BRU: \_\_\_\_\_  
Refinancing of Seward Student Service Center  
 Sponsor: Rules Committee Components: \_\_\_\_\_  
 Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
<b>OPERATING</b>						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	(433.2)	(68.5)	(67.7)	(74.7)
MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	-	-	(433.2)	(68.5)	(67.7)	(74.7)
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	(433.2)	(68.5)	(67.7)	(74.7)
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB  
 Division: Treasury

Phone: 465-2350  
 Date: 12-19-88

Approved by Commissioner: [Signature]  
 Agency: Department of Revenue

Date: 12/19/88

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

Fiscal Note Analysis

The projected annual savings on refinancing the Seward Student Service Center through its acquisition by the Alaska State Building Authority is estimated in the table below.

The present value of the savings on the Seward facility would be \$1,203,001, representing a savings of 21.5 percent of the amount of bonds issued. This is far above the State Bond Committee's criteria of 3 percent savings to justify a refinancing.

The Seward refinancing would reduce the required lease payments to be made by the State Bond Committee for Seward as detailed in the attached September 23, 1988 memo. However, because the actual interest rate on the refunding debt--and therefore the actual reduction in debt service--will not be known until the bonds are sold, no reduction should be made to the \$12,106,257.68 appropriation to the State Bond Committee for FY 90 lease payments. The FY 90 savings would lapse and future appropriations would be reduced.

Please see the attached letter of \_\_\_\_\_ from John Andrews for additional information on the Seward refinancing.

Lease-Financing Costs (Savings)

<u>Fiscal Year</u>	<u>Seward Student Service Center</u>
1990	\$(433,229)
1991	(68,476)
1992	(67,710)
1993	(74,661)
1994 to maturity	<u>(1,062,851)</u>
Total	\$(1,706,927)

30

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Alaska State Building Auth  
 Title: Refinance of Seward Student BRU: \_\_\_\_\_  
           Center  
 Sponsor: Rules Components: \_\_\_\_\_  
 Requestor: Governor

**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-
CAPITAL						
REVENUE						

**FUNDING: (Thousands of Dollars)**

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by: Julia Tucker *[Signature]* Phone: 562-2813  
 Division: Legal Department Date: 12/3/88

Approved by Commissioner: *[Signature]* Date: 12/23/88  
 Agency: Alaska State Building Authority

Distribution (by preparer):

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

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Acquisition and Refinancing of  
the Seward Student Service Center  
Sponsor: Rules  
Requestor: Governor

Agency Affected: Education  
BRU: Alaska Vocational Technical  
Center  
Components: Alaska Vocational Technical  
Center

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-

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Mary Hakala Phone: 465-2800  
Division: Commissioner's Office Date: 12/12/88  
Approved by Commissioner: William G. Demmert Date: 12/12/88  
Agency: Education

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

# 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  
Juneau, AK 99811

907-465-3712

## Senate State Affairs Committee

April 8, 1989

Jerry McCutcheon  
121 West 11th  
Anchorage, Alaska 99501

Dear Jerry:

Just a short note to let you know that earlier this week the Senate State Affairs Committee gave its approval to HB 74, which would authorize the Alaska State Building Authority to acquire the Seward Student Service Center.

I appreciated your public opinion message on the bill, and asked the Department of Revenue the questions that you had asked me. I have enclosed their response, which the committee found satisfactory. Hopefully, it will alleviate many of your concerns, too.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat", written over a large, stylized flourish.

Senator Pat Pourchot  
Chairman

PP/ss

**H B**

**83**

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER **HB 83**

SPONSOR **Governor**

BILL TITLE **Martin Luther King Day**

DATE REFERRED **5-1-89**

HEARING SCHEDULED **5-3-89**

FISCAL NOTE PREPARED

SPONSOR CONTACTED

INTERESTED PARTIES CONTACTED

Michael McKennet 3570

ASEA, Buddy Michelle EEO 463-4949

N/A Blanche McSmith, supporter  
Jnu 789-9245

Rep Ulmer, Furnace

Rozalee Walker, jnu 586-2873

Remond Anderson, Blacks in Government

OTHER