

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2706

In his presentation, Mr. Palmer discussed a possible \$2.2 million in funds that might be available (see attachment). He stated they are not asking for the \$11.7 million the Governor included to increase the capitalization of the loan fund established by the Legislature last year.

Chairman Meekins asked what Mr. Palmer would recommend if this bill went through by itself, and Mr. Palmer responded the safest would be to include the \$5.6 million proposed by Representative Moss and the \$1.2 million for fire suppression costs used last year, making it a \$6.8 million appropriation. He stressed the importance of the time element involved.

Indicating the Committee understands the necessity to act quickly, Chairman Meekins assured the witnesses they would be addressing this matter very shortly. He added, however, it was not his intent to move the bill today but to hear testimony.

Representative Rogers requested staff prepare a Finance Committee Substitute using Mr. Palmer's recommendation; i.e., combining \$5.6 million and \$1.2 million, totaling \$6.8 million. There was no objection.

REQUEST

Mr. Spears testified briefly, stating it is imperative the Agricultural Revolving Loan Fund be funded with an immediate appropriation. He discussed the farmers situation on loan funding and stated the Cooperative is in the same situation. He said they have development plans on the books but need the funding. In order to make these things successful, he stated, they need to count on this funding. He cited several examples.

Representative Montgomery asked how long Mr. Spears has been in the area, and Mr. Spears replied last year he raised a crop in Delta Junction and that he farmed in Fairbanks for three years prior to that. Representative Montgomery asked how long it would take before the business becomes viable and Mr. Spears becomes self-sufficient. Mr. Spears stated, with the long-term loans, such as real estate and the routine seven years on equipment, the farmers, without question, should go to commercial banks. He advised the time span for seed and fertilizer is approximately two to three years, and it is for this the farmers rely on State funding. They need to be able to obtain the loans quickly, he said. Discussion followed.

[Representative Freeman arrived at this time.]

Nick Carney briefly explained how the Agricultural Revolving Loan Fund works. Its purpose, he stated, is to increase the amount of farming that takes place, and with the set amount of money in the account today, they cannot expand. This appropriation would accommodate new farmers, he said. He noted the fund experiences less than a 2% delinquency rate.

Representative Montgomery asked if the growth rate is too large for the size of the fund, and Mr. Carney replied yes, that that is exactly the case. The \$5 million would increase the fund by about 30%, he stated. Representative Montgomery asked if this situation will come up again next year. Representative Moss advised that figures indicate a 10-fold increase over the 10-year period 1975-1985. He stated he has introduced some bills that will address this very question and added this includes a \$20 million limit.

During discussion, Chairman Meekins commented it is a year-to-year decision on how much the Legislature wants to go out on loans. Mr. Carney pointed out the law restricts the agricultural fund to 25%--or \$20 million --on capitalization or what can be sold to Revenue.

Chairman Meekins asked how Alaska compares to other states regarding the 6% loans. Bob Pollack noted FHA loans aren't available as well as other sources and that this is about the only fund available to assist Alaskan farmers. Representative Moss advised the Special Agriculture Committee is investigating other areas of assistance for the farmers other than the State.

Representative Montgomery asked if most of the \$5 million request would be used for existing farmers or if it would go to new farmers. Mr. Carney answered it would go to both. He estimated 85% of the applicants are new farmers. Regarding the cash commodity, Representative Montgomery asked if most of the barley product was sold or retained. Mr. Carney replied approximately 300 tons were sold, and 56 tons were carried over. He advised they have the choice of selling within the State or outside, and the program this year was to sell within the State. He agreed that market development is something they have to pursue.

In answer to a question from Representative Guy on deleting the lapsing clause of his proposed amendment, Representative Moss replied this would fund it from now until July 1 and that any amount that exceeds the \$20 million cap will lapse.

Lyle Carlson stated he would be testifying, principally, on behalf of the Cooperative. He commented he is one of the new farmers in the Delta Junction area. He described the effect of the barley fire last year. He, too, stressed the importance of passing this bill now. He also praised the Cooperative and the State in assisting farmers and added he feels the Cooperative is one of the vital links with agriculture in the area.

Representative Freeman discussed how the federal government is paying farmers in the lower 48 states not to raise crops. He asked if there will be a time when the program will pay for itself. Mr. Carlson indicated he feels it is a good risk, because the climate and conditions in Alaska are about the same as in Saskatchewan where it is desirable for farming. He also cited the reasonable fuel price in Alaska as compared with that of North Dakota, his home state, as well as with other states.

In his presentation to the Committee, Lee Fett provided background information on his farming experience in Alaska. He stated he homesteaded in the Delta Junction area 20 years ago. He described how he had built a meat-processing plant and had to close it down because he didn't have a market due to the restrictions placed on Alaskan farmers. He stated he also had an egg business he had to close because Alaska is not competitive with Seattle markets due to State regulations. He discussed grain production, in which he said Alaska can do very well. The potential is here in Alaska, he said, but a marketing structure must be generated. In discussing money needed for the total project, he stated, he is talking about a million dollar investment that would include developing facilities for an agribusiness market. He explained the importance of the time element involved and urged the Committee's support and endorsement of the bill. He also praised the State so far in its financial assistance and added he feels the money can be retained within the State to help alleviate unemployment, etc.

Representative Moss inquired how much of an investment Mr. Fett had in the Delta area. Mr. Fett replied he has invested \$1-1/2 million to run his farm to date. Representative Freeman asked how many serious farmers are involved, and Mr. Fett replied he feels about 200 serious farmers.

Representative Montgomery indicated his support for the farming industry but voiced his concern over the marketing situation. Mr. Fett admitted that is the key and stressed the importance of converting to or generating a processing system.

During discussion, Representative Rogers cited an example where \$10 million currently is spent out of state for purchasing pork.

In answer to questions from Representative Guy regarding his egg business, Mr. Fett advised his production rate was 78%, or 7,800 eggs were produced per day, and the productivity per hen was approximately two years. He stated the hens were definitely edible and some were sold to Market Basket as stewing hens. He noted, however, it was more profitable to sell the live hens to the dog mushers for their dogs.

HB 275
HELD OVER

[The meeting recessed at 2:15 p.m. and reconvened at 2:30 p.m.]

RECESS

Chairman Meekins announced the next bill to come before the Committee is HB 208:

HB 208 - "An Act relating to pension fund investments; and providing for an effective date."

HB 208

Chairman Meekins noted the Committee heard previous testimony on this bill from John Exter regarding investment in gold.

In his introductory remarks, Pete Bushre stated this bill includes more than investment in gold bullion. He stated, today, the Committee would hear testimony on the advantages and disadvantages of Alaska's having a diversified investment portfolio; i.e., investment in securities nationally as well as internationally. He then introduced the various speakers.

DIVERSIFIED
INVESTMENT
PORTFOLIO

Malcolm Mitchell, Vice President of InterSec Corporation from New York, explained his firm, which was put together five years ago, specializes in securities. He stated they don't manage money nor give advice but consult on the concept of investing globally. Chairman Meekins pointed out Alaska has a rather small pension fund consisting of \$650 million. Mr. Mitchell responded there are no guidelines for international investing, that there are much smaller pension funds than Alaska involved in global investment. Some of the larger ones he listed are: ARCO, IBM, United Technologies, Ford Foundation.

Representative Moss asked if gold is going to generate that much or if it is going to be "dead". Mr. Mitchell replied his goal is not to talk about gold but to discuss investing in the international securities market. In discussing the return on gold, Representative Moss commented, unless you sell it, there is no return. John Crandall noted there is the value of the asset and the value of the return on the sale. Mr. Bushre conceded it is true there is no dividend return on gold, but there will be price appreciation. However, he stressed the need to diversify and not to "put all your eggs in one basket".

Karl Van Horne, Senior Vice President of Morgan Guarantee Bank based in London, advised he is responsible for investment policy as it relates to some 500 U.S. pension funds. He stated the objective is to diversify, which spreads risks and enhances returns.

[At this time, there was a slide presentation, and Mr. Mitchell conducted the first portion (HFC Tape 80-16, Side 2, #272 - #608). The second portion of the slide presentation was conducted by Mr. Van Horne (HFC Tape 80-16, Side 2, #608 - End; HFC Tape 80-17, Side 1, #001 - #810).]

SLIDE
PRESENTATION

Chairman Meekins requested the Committee be provided, in written form, the information contained in the slide presentation. Mr. Van Horne indicated he would provide what he had.

REQUEST

Introducing Hal Lindquist, Mr. Bushre stated he would discuss hedging as an investment technique that can be used to protect as well as insure against price depreciation as well as loss.

Mr. Lindquist of Carroll, McEntee & McGinley stated it is his responsibility to hedge in marketing, and the purpose is to spread risk. He discussed pension fund portfolio managing, talked about treasury bonds and compared securities and currency. Representative Moss indicated he feels this amounts to gambling. Mr. Lindquist responded the person or speculator on the other side is doing the gambling, not the person who is hedging. Representative Moss asked if this applies to the return on bonds while paying out retirement checks. Mr. Lindquist answered yes, you are guaranteeing your income. "After you sell the bond, you don't care where the price goes," Mr. Bushre interjected. Mr. Lindquist commented this is really an insurance policy.

Mr. Bushre stressed the need for the concepts outlined in HB 208. He urged the Committee and the Legislature to give Revenue the tools with which to use in investing. He stated he feels the State needs more diversification and feels this is prudent, particularly in this unstable and highly inflationary time.

HB 208
HELD OVER

The meeting adjourned at 4:30 p.m.

ADJOURN

Tape HFC 80-15 Side 2 #668 - End
 80-16 Side 1 #001 - End
 Side 2 #001 - End
 80-17 Side 1 #001 - End
 Side 2 #001 - #550

Alaska State Legislature



House of Representatives

SPECIAL
AGRICULTURE
COMMITTEE

POUCH V

JUNEAU, ALASKA 99811

(907) 465-3727

OUT OF SESSION

SR BOX 3051

WASILLA, ALASKA 99687

COMMITTEE MEMBERS

PAT CARNEY CHAIRMAN

H. "PAPPY" MOSS

ROBERT BETTISWORTH

EX-OFFICIO MEMBERS

SENATOR JALMAR KERTTULA

DOMONIC CARNEY

DIRECTOR, DIVISION OF AGRICULTURE

W. I. "BOB" PALMER

OFFICE OF THE GOVERNOR

JAMES DREW PH.D.

DIRECTOR OF ALASKA EXPERIMENT STATIONS

TO: House Finance Committee

RE: HB 275 proposed amendments

The Special Agriculture Committee respectfully requests Finance Committee at earliest convenience to consider the proposed amendments to **CSHB 275**:

- (a) Section 1, line 10, amend \$5,000,000 to read "\$5,600,000";
- (b) Delete Sections 2 and 3;
- (c) Add "Section 2. This Act takes effect immediately."

The purpose for proposed amendment (a) is given below:

\$7,800,000 costs for spring planting, derived from:

- 1. ~~\$4,600,000~~^{\$7,200,000} loan applications approved by loan fund to date,
- 2. ~~\$3,200,000~~^{\$1,600,000} additional spring needs of loan fund.

subtract \$2,200,000 funds which may be available, derived from:

- 1. \$1,000,000 contract purchases by Department of Revenue,
- 2. \$1,200,000 fire suppression costs repayment as included in SB345, Sec. 4.

\$5,600,000 needed by March 1, 1980.

The purpose for amendments (b) and (c) relates to advance time required by the agribusinessmen for 1980 crop production.

Original sponsor: Carney

Offered: 4/16/79
Referred: Finance

Funding Information

General Fund \$5,000,000
Other Funds -0-
\$5,000,000

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 275

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 - A BILL

6 For an Act entitled: "An Act making a special appropriation to the agri-
7 cultural revolving loan fund; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$5,000,000 is appropriated from the general fund
11 to the agricultural revolving loan fund established under AS 03.10.040 to be
12 available for agricultural loans under AS 03.10.

13 * Sec. 2. The portion of the appropriation made in sec. 1 of this Act
14 which exceeds the capitalization limit for the agricultural revolving loan
15 fund established in AS 03.10.040 on the effective date of this Act lapses
16 into the general fund.

17 * Sec. 3. This Act takes effect on the effective date of a version of
18 House Bill No. 114 or Senate Bill No. 5 (An Act relating to agricultural
19 loans under the Alaska Agricultural Loan Act).

Handwritten: [scribble]
January 28, 1980

W.I. "Bob" Palmer, Chairman
Alaska Agriculture Action Council
Pouch AN
Juneau, Alaska 99811

RE: Alaska Farmers Cooperative, Inc.

Dear Bob:

The Alaska Farmers Cooperative through its board and its members has committed to develop the storage, handling, drying, and all functions related to the production of grain and agri-business development. This commitment was predicated on the promise that financing for this project was available and forthcoming as required in a timely manner. We have every intention of fulfilling that commitment. We will support agricultural development to the maximum.

The State, through the various servicing agencies, has made verbal commitment to fund the initial implementation of the grain handling, drying, storage and marketing functions related to the agricultural development project in the Delta Junction area and we feel there have been serious problems fulfilling these obligations in a timely manner.

It is the opinion of this board that all funding to the Alaska Farmers Cooperative relative to this project be channelled through one common focal point set up to administer this special project, and a commitment by the Alaska Farmers Cooperative that no deposits or withdrawals be made without the full approval of the Board of Directors.

In an attempt to provide funding for material, labor, and equipment needed, it has been a constant battle to get a prompt and satisfactory answer that could satisfy our requirements. This general condition has been a major factor in "fund juggling" by both the state and by the people dispersing the funds to the Alaska Farmers Cooperative, making it very difficult to conduct our bookkeeping system in an orderly manner.

It was a known fact when this special project was started that the Alaska Farmers Cooperative did not have the necessary capital to provide the required services and facilities needed. We were assured that funds were available and front money to construct, manage and develop a complete workable system would be introduced into the program in a timely manner. This has not happened.

There has definitely been a lack of communication between the Alaska Farmers Cooperative and the state both from the Special Project Office and the Office of the Revolving Loan Fund. This communication needs to be improved and until such time as the Cooperative Organization has a full time capable manager, that information should be directed to the President of the Board of Directors.

The success of the Alaska Farmers Cooperative will necessarily be determined by the success of agriculture in Alaska. Accordingly, we wish to present the following matters for your consideration.

1. It is the general consensus of this board that adequate financing is not presently available through the Revolving Loan Fund to finance the existing farmers in the state who are willing to participate in the grain program plus the new tract holders that are beginning this project. Therefore, it is important that their needs be quickly addressed.
2. Grain should be paid for when delivered to the handling agency. This is good business for the farmer and would promote better control by the Coop when acting as handling agency. We expect that supply of grain may exceed the demand, as it is clear that certain time will be needed for an adequate meat industry to develop in this state. We also believe that a moderate supply in the state of dry feed grain would be not only a good investment but a good practice for the state, especially in view of our isolation and the predictable higher cost of transport of materials to our state. Therefore, we request a loan to the Alaska Farmers Cooperative to enable it to pay cash to a grain producer. We further request that the loan be in a sufficient amount to enable us to fill our storage. We believe this may be the only practical way of filling our storage and collecting a suitable amount of grain to accommodate its efficient shipment to overseas markets.
3. In order to facilitate a local market for feed grains, we request an active and vigorous program to encourage production of domestic farm animals and we request that loans be made available to accommodate quick growth of farm herds.
4. We believe that a number of small tract holders in the interior of Alaska are delaying the clearing of their projects and the development of productive farms because of a shortage of working capital. It presently appears that adequate financing has been established to clear the 22 large tracts. However, it is important that other tract holders also develop their respective tracts and we request that the State be prepared to loan at least \$50.00 per acre to accommodate the clearing of this land.

5. We request that the Alaska Farmers Cooperative not be expected to "guarantee" payments by a farmer who obtains credit for seed and fertilizer from the Alaska Farmers Cooperative. In 1979, the Alaska Farmers Cooperative extended credit to numerous farmers with essentially no prior inquiry into their financial history to encourage the production of agricultural products during 1979. We believe this past practice will probably cause a loss to the Alaska Farmers Coop. It is essential that credit be given to the farmer for this purpose but we would ask that it be done under a system whereby the Alaska Farmers Cooperative would not act as a guarantor of the loan. Perhaps, the check for payment could be made out both to the farmer and the Alaska Farmers Cooperative to ensure that the money is actually spent for seed and fertilizer.

The Alaska Farmers Cooperative can in no way assume the heavy burden of fertilizer storage, handling, equipment rental etc., unless they are assured that there will be adequate sales for the commodity stored. The second paragraph of Mr. Palmer's letter to our acting manager, Mike Gilleland, appears to place the burden of responsibility upon the Alaska Farmers Cooperative. In no way are we in the position to assume this responsibility unless adequate financing is made available immediately. We support the following plan:

- a) Develop a fund dispersal point through the Alaska National Bank of the North at Delta Junction and any other area where agricultural development is taking place.
- b) Give the local representative approval authority to receive and finalize a loan application on the spot, with limitations on the size of the loan, say \$100,000.00 or whatever decision is made.
- c) Be consistent with loan requirements, i.e. treat all landowners the same especially on equipment purchase.
- d) Develop a coordinating office that can investigate fund sources, and provide on-the-spot information that is factual and dependable. This office should be in the area of development (not 300 miles away).
- e) Engage a marketing specialist who "will" find and coordinate sales of those commodities which are produced and who will work with the cooperative organization or individuals as required. This office, or a branch of it, should also be in the area of development. Farmers do not have the time or expertise to develop markets at this time, especially in the beginning stages of development. This is a role that should be supported by the state or at least state funds should be made available to cover these costs with farmers participating.

- f) The Ag Action Council should visit each development area and receive general information at a public hearing relative to the development project no less than once each quarter of each year until such time as the project is operational and functioning satisfactorily.

We urge your support and continued commitment to the development of a viable Alaskan agricultural community.

Sincerely,

Lee Spears - President of the Board of
Directors, Alaska Farmers Cooperative

ALASKA FARMERS COOPERATIVE, INC.
HEADQUARTERS LOCATION
DELTA JUNCTION, ALASKA

PROPOSED DEVELOPMENT PLAN THROUGH 1985

1979	Purchase Kachelmier operation on Hanson Road and add to existing facilities in Delta Those facilities not complete at this time.	\$657,000.00
1980	Complete all facilities purchased and/or added to in 1979	\$150,000.00
	Convert existing grocery store into a farm materials sales store (inventory money required)	120,000.00
	Purchase the following equipment needed to operate the existing grain and fertilizer business:	
	2 - 3/4 ton trucks	
	1 - 15 ton grain truck	
	1 - Front end loader	
	1 - Fork lift	
	1 - Pallot truck	
	4 - Warehouse trucks (hand operated)	
	1 - Fertilizer application truck	
	3 - 8 ton broadcast fertilizer spreaders	
	2 - 5 ton broadcast fertilizer spreaders	
	Miscellaneous small equipment	
	Total	120,000.00
1980-1981	GRAIN HANDLING FACILITIES (Sawmill Creek area) Handling, drying, storage, scales, warehouse, office, fork lift, and misc. equipment, land, power, 750,000 bushel capacity	1,125,000.00
	FERTILIZER PLANT (Sawmill Creek area) Bulk Plant Facilities mixing-blending-bagging dispensing - office space - land - scales - power provided in conjunction with the grain handling facilities	500,000.00
	Seed Handling Drying, storing, cleaning, treating, germination, testing, certifying	650,000.00
	Bulk Fuel Handling Facilities Storage, trucking, delivery	450,000.00
	Feed Processing Grinding, rolling, mixing, pelletizing	850,000.00
1982-1983	"Sattelite" Fertilizer Plant Hanson Road site Use existing scales, power and possible office space.	

Alaska Farmers Cooperative, Inc.
Proposed Development Plan through 1985
Page 2

1982-1983 Continued

Add the following equipment:

- 1 - Loader
- 1 - Truck
- 3 - 8 ton broadcast spreaders
- 1 - Fork lift

~~New~~ estimate

\$200,000.00

1984-1985 Construct facilities for processing oil seed crops
Construction additional storage and dumping station
(grain and fertilizer) in the Tanana Loop area

2,500,000.00

500,000.00

Total estimated requirements for real property,
equipment and inventory

\$7,822,000.00

HOUSE FINANCE COMMITTEE
February 19, 1980
1:50 p.m.

All members of the Committee were in attendance, except Representative Freeman. Representatives Rogers and Guy arrived later in the meeting. Also present: Mike Clemens, Division of Administrative Services, Department of Public Safety; John Crandall and Mike Doogan, Administrative Assistants to Chairman Meekins; Jay Hogan, Director, and Milt Barker, Bob Grogan and Bob Schroeder, Fiscal Analysts, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and advised the first bill to be considered is HB 275:

HB 275 - "An Act making a special appropriation to the agricultural revolving loan fund; and providing for an effective date."

HB 275

Representative Moss reminded the Committee previous testimony by agribusinessmen was heard on this bill at the February 8 meeting. He distributed a handout (see Attachment 1) and referred to the Governor's February 8 letter attached. He noted the Governor is supportive of the bill. He advised his proposed amendments are to the Resources committee substitute for HB 275 and that this money is needed immediately for seed and fertilizer for spring planting. He also noted this does not just apply to the Delta Junction area but that it is state-wide. In answering questions, Representative Moss indicated the funds are needed by the March 1 deadline to honor commitments for the seed and fertilizer. He commented he has been assured this wouldn't become a "Christmas tree" bill in Senate Finance.

[Representative Rogers arrived at this time.]

There was discussion on supplementals. Chairman Meekins indicated the plan is to put together all the supplemental requests into one bill and move as much as possible at one time. He added there will be some exceptions on a few requests with deadlines. He stated the subcommittee on supplementals (Duncan, Freeman, Haugen and Meekins) is currently working on this. He pointed out this applies only to the supplemental operating budget, not the supplemental capital budget. Briefly, he outlined the program for the capital budget this year.

Representative Moss moved to report out Finance Committee Substitute for HB 275--to include his amendments increasing the request to \$5,600,000, plus \$1,200,000 for fire suppression costs, deleting Sections 2 and 3 and adding new Section 2 of immediate effective date--with a total fiscal impact of \$6,800,000. There being no objection, it was so ordered. Finance CS for HB 275 was reported out with a "do pass" recommendation.

FINANCE
CS FOR HB 275
REPORTED OUT

[Representative Guy arrived at this time.]

The next order of business, Chairman Meekins stated, is to address the Department of Environmental Conservation short-funded budget. Chairman Meekins said he wished to state for the record his displeasure with the conduct of DEC Commissioner Ernst Mueller in this matter concerning the lay-off threat. He briefly reviewed what transpired at the Joint Finance Committee and Resources Committee meeting, February 12, on land disposal in Ketchikan.

DEC
SHORT-FUNDED
BUDGET

Bob Grogan explained the draft of the bill (see Attachment 2) he handed out to the Committee is a 100% reinstatement of what was taken out of HB 577 (supplemental appropriations for operating expenses of state government). There was brief discussion on what bill to use as a vehicle for this supplemental. HB 217 was chosen.

Representative Rogers moved to report out Finance Committee Substitute for HB 217, new title, containing the supplemental appropriations to the Department of Environmental Conservation. There being no objection, it was so ordered. Finance CS for HB 217 was reported out with a "do pass" recommendation.

FINANCE
CS FOR HB 217
REPORTED OUT

The next bill to come before the Committee was HB 645:

HB 645 - "An Act transferring an appropriation to the Alaska Power Authority for costs associated with the Tyee Lake hydroelectric project; and providing for an effective date."

HB 645

Representative Haugen provided a brief overview of the bill (see Attachment 3). Representative Rogers called attention to the fiscal information in the upper left corner of the bill and stated it should be zero. Jay Hogan indicated the information could be lined out or left in and just noted no new additional funding.

Chairman Meekins stated it is his intent to use this bill as a vehicle for other transfers and have a Finance Committee Substitute prepared ready to move on Thursday, February 21. Representative Haugen expressed concern

the bill might become bogged down with a lot of additional transfers and requested assurance the bill would move.

Representative Rogers made the following request: to transfer \$450,000 out of the University of Alaska at Fairbanks and \$150,000 out of UA-Anchorage and transfer in \$600,000 for the Anchorage Community College for the FY 79 budget. He briefly explained the reasons for these transfers which would allow use of the FY 79 left-over funds from Fairbanks and Anchorage senior colleges to wipe out the over-spending in Anchorage Community College in the same year, with a zero net effect. There being no objection, this request was approved.

ROGERS
REQUEST

APPROVED

Representative Montgomery presented a transfer request from Representative Bettisworth (see Attachment 4) that would change the word "purchase" to "development". He noted there is no cost involved. Mr. Hogan advised, under rules by the no transfer law, if it says "purchase", that is all that can be done.

BETTISWORTH
REQUEST

Discussion followed, with Mr. Hogan explaining this was for a soccer field and that, originally, the borough was approached to give land, but refused, so they were going to purchase land. Now, he stated, it seems there is borough land available. Representative Rogers noted the soccer fields are on land owned by Bettisworth and that the matter is very controversial. Further discussion followed.

Chairman Meekins requested this matter be taken under advisement by the Fairbanks contingent and that Representatives Rogers and Smith report back to the Committee with their recommendations. Representative Rogers indicated he would bring it up during the Fairbanks delegation teleconference this evening.

NOT APPROVED

Representative Montgomery presented his request (see Attachment 5). Mr. Hogan explained this was brought to the attention of the Legislative Budget and Audit Committee at a meeting in Bethel by Mr. Heimbach. Mr. Hogan said the language was rather precise and did not allow them to pursue studies at Eklutna and Paint River without this language change. There being no objection, this request was approved.

MONTGOMERY
REQUEST

APPROVED

At this time, Chairman Meekins made his transfer request (see Attachment 6) which would move the Skill Center to Anchorage. There was brief discussion on the language, and Chairman Meekins stated he would like this transfer made directly to the Municipality of Anchorage. Mr. Hogan indicated this should be no a problem. There being no objection, this request was approved.

MEEKINS
REQUEST

APPROVED

Chairman Meekins requested a Finance Committee Substitute for HB 645 be drafted that includes the approved requests. There being no objection, it was so ordered.

HB 645
HELD OVER

CSHB 392 (CS adopted in House 2/19/80) was the next bill to be addressed by the Committee:

CSHB 392 "An Act relating to domestic violence;
and changing Rules 3, 65, and 76, Rules
of Civil Procedure."

CSHB 392

Chairman Meekins stated the real objective in having this bill referred to Finance is to make sure that all bills with fiscal impact go through the Finance Committee. He indicated he had no problem with the bill.

Mike Clemens, who prepared the fiscal note, provided an overview. Chairman Meekins asked what there is about the bill that requires new personnel. Mr. Clemens explained that an officer is to remain at the scene until the element of danger is resolved and transportation to medical facilities may be required.

Representative Rogers asked where the five State troopers would be located, and Mr. Clemens replied there is no particular area in mind. Representative Rogers asked for a line-by-line cost estimate and why the number five was chosen. Mr. Clemens explained he took the workload and man-hour estimates and used the routing "cookbook" formula. He offered to provide a more detailed breakdown.

Chairman Meekins indicated he liked the bill, except on page 7, Preference to Veterans. He asked if the four new State troopers in the budget request would be sufficient, and Mr. Clemens responded it is felt nine are needed.

During further discussion, Chairman Meekins stated he feels the Finance Committee needs to look into this in a more vigorous manner in the budget. He requested Public Safety subcommittee chairman Representative Guy report his recommendations to the Committee at a later date.

After more discussion on the fiscal note, Chairman Meekins and Representative Rogers indicated they feel the \$50,000 for training is needed. Representative Rogers moved to prepare a new fiscal note reflecting a one-time \$50,000 appropriation for FY 81. There being no objection, it was so ordered.

NEW FISCAL
NOTE

Representative Rogers moved to report out Judiciary Committee Substitute for HB 392, with new \$50,000 fiscal note attached. There being no objection, it was so ordered. Judiciary CS for HB 392 was reported out with a "do pass" recommendation.

JUDICIARY
CS FOR HB 392
REPORTED OUT

The meeting adjourned at 2:55 p.m.

ADJOURN

Tape HFC 80-17 Side 2 #550 - End
 (Note: This portion of tape defective.)
HFC 80-18 Side 1 #001 - End
 Side 2 #001 - #174

Alaska State Legislature



House of Representatives

SPECIAL
AGRICULTURE
COMMITTEE

POUCH V

JUNEAU, ALASKA 99811

(907) 465-3727

OUT OF SESSION

SR BOX 3051

WASILLA, ALASKA 99687

COMMITTEE MEMBERS
PAT CARNEY, CHAIRMAN
H. "PAPPY" MOSS
ROBERT BETTISWORTH

EX-OFFICIO MEMBERS
SENATOR JALMAR KERTTULA
DOMONIC CARNEY
DIRECTOR, DIVISION OF AGRICULTURE
W. I. "BOB" PALMER
OFFICE OF THE GOVERNOR
JAMES DREW, PH.D.
DIRECTOR OF ALASKA EXPERIMENT STATIONS

TO: House Finance Committee

RE: HB 275 proposed amendments

The Special Agriculture Committee respectfully requests Finance Committee at earliest convenience to consider the proposed amendments to CSHB 275:

- (a) Section 1, line 10, amend \$5,000,000 to read "\$5,600,000";
- (b) Delete Sections 2 and 3;
- (c) Add "Section 2. This Act takes effect immediately."

The purpose for proposed amendment (a) is given below:

\$7,800,000 costs for spring planting, derived from:

- 1. \$4,600,000 loan applications approved by loan fund to date,
- 2. \$3,200,000 additional spring needs of loan fund.

subtract \$2,200,000 funds which may be available, derived from:

- 1. \$1,000,000 contract purchases by Department of Revenue,
- 2. \$1,200,000 fire suppression costs repayment as included in SB345, Sec. 4.

\$5,600,000 needed by March 1, 1980.

The purpose for amendments (b) and (c) relates to advance time required by the agribusinessmen for 1980 crop production.

Alaska State Legislature

SPECIAL AGRICULTURE COMMITTEE

POUCH V

JUNEAU, ALASKA 99811
(907) 465-3727

OUT OF SESSION

SR BOX 3051

WASILLA, ALASKA 99687



House of Representatives

COMMITTEE MEMBERS
PAT CARNEY, CHAIRMAN
H. "PAPPY" MOSS
ROBERT BETTISWORTH

EX-OFFICIO MEMBERS
SENATOR JALMAR KERTTULA
DOMONIC CARNEY
DIRECTOR, DIVISION OF AGRICULTURE
W. I. "BOB" PALMER
OFFICE OF THE GOVERNOR
JAMES DREW, PH.D.
DIRECTOR OF ALASKA EXPERIMENT STATIONS

Special Agriculture Committee Meeting
February 7, 1980

MINUTES

Present: Representative H. "Pappy" Moss, Representative Bob Bettisworth, Representative Jack Fuller, Representative Margaret Branson, Bette Cato representing Senator Kerttula, W.I. "Bob" Palmer, Bob Pollock, Dr. Carol Lewis and Mike Harker, economists from the University of Alaska, Mr. Lee Fett and Mr. Lee Spears, Delta farmers, and Kelly Fike.

Representative Moss opened the meeting and moved to item 9 on the agenda, "Preparation for hearing of House Bill 275 in the House Finance Committee" which was to occur the following day. Representative Moss stressed the urgency to act on the bill since the funding was needed immediately. Mr. Bob Palmer made the following statements regarding House Bill 275.

1. The Department of Natural Resources had planned to submit a similar bill but was not able to do so, so the Governor and administration would support the Special Agriculture Committee's bill.

2. The amount of funding requested in the bill should be increased to 5.6 million dollars for the following reasons:

- a) 4.2 million dollars worth of loan applications have been approved and are awaiting funding. Some of the loan applicants have been waiting for months. An additional 3.6 million will be needed to fund loan applicants in early 1980 for fertilizer, seed, and equipment for this year's crop. Contingent upon passage of Senate Bill 345, the Agricultural Revolving Loan Fund will be reimbursed 1.2 million which the Department of Natural Resources used for fire suppression last summer, and 1 million dollars worth of contracts are being sold to the Department of Revenue which will give the loan fund an income of 2.2 million and expenditures of 7.8 million leaving a total deficit of 5.6 million.

3. Section 2 and section 3 should be deleted. Section 2 should be replaced with "to be effective immediately".

Mr. Palmer also made some statements regarding the biomass study being conducted presently by the Batelle Company of Richland, Washington. He stated that he did not want the present use of the biomass to be overlooked or underestimated. Presently, the biomass is worth \$140/acre as fertilizer. It must be burned in relatively small piles so that it covers the soil evenly. Dr. Lewis recommended that a test plot be established in the Delta area for further study, which could be funded federally. Mr. Palmer also stated that he felt the 59,000 acres in



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 8, 1980

The Honorable Terry Gardiner
Speaker of the House
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Re: Finance Committee Substitute
for House Bill No. 275

Dear Mr. Speaker:

I support passage of this legislation appropriating either \$5.6 million or \$6.8 million to the Agricultural Revolving Loan Fund. These monies are needed in the immediate future in order to provide adequate funding for the farming community for 1980 spring planting requirements.

My FY '81 budget previously submitted to you includes \$11,760,000 appropriated to the Revolving Loan Fund to bring that fund to its statutory ceiling of \$20,000,000 capitalization. Any funds appropriated as a special appropriation under this bill should be subtracted from the \$11,760,000 included in my regular budget.

The monies requested to be appropriated under Senate Bill 345 for fire suppression costs include \$1.2 million borrowed last year for fire suppression activities in the Delta Junction area from the Agricultural Revolving Loan Fund. Therefore, \$1.2 million from SB 345, if passed, would be returned to the Revolving Loan Fund. If House Bill 275 is increased to \$6.8 million, then Senate Bill 345 can be reduced by \$1.2 million in the fire suppression category.

Your favorable consideration of Finance Committee Substitute for House Bill 275 at either of the above-quoted figures would be appreciated.

Sincerely,

Jay S. Hammond
Governor

WORK DRAFT COPY

WORK DRAFT COPY

WORK DRAFT COPY

* Section 1. The sum of \$1,964,787 is appropriated for the allocation and appropriation items indicated as follows for the fiscal year ending June 30, 1980:

ALLOCATIONS	APPROPRIATION ITEMS	FUND SOURCES GENERAL	OTHER
NATURAL RESOURCE MANAGEMENT			
Department of Environmental Conservation			
Water Programs	545,985	325,743	220,242
Water Pollution Control	139,887		
Water Supply	252,120		
Facility Construction and Operation	113,949		
Directors Office	40,029		
Environmental Analysis	110,517	77,517	33,000
Terrestrial Programs	208,857	106,029	102,828
Air Quality	68,409		
Land Use	108,570		
Directors Office	31,878		
Administration and Support	449,658	329,670	119,988
Office of the Commissioner	103,686		
Management Services	102,102		
Technical Services	107,514		
Program Coordination	136,356		

1 Gas Pipeline Impact

2 Gas Pipeline Impact 59,004 59,004

3 Regional Offices 508,266 369,039 139,227

4 Southeast Region 89,760

5 Southcentral

6 Region 198,396

7 Northern Region 170,412

8 Prince William Sound

9 Region 49,698

10 Tanker and Oil Terminal Safety 82,500 82,500

11 * Sec. 2. The appropriations made by Section 1 of this Act are from
12 the following fund sources.

13 Federal Receipts \$ 558,756

14 General Fund 1,290,498

15 Interagency Receipts 56,529

16 Program Receipts 59,004

17 \$1,964,787

HOUSE BILL NO. 644 by Rogers, Anderson, Buchholdt, Barnes, Beirne, Bettisworth, Carney, Freeman, Fuller, Halford, Hayes, Hurlbert, Metcalfe, Miles, Moss, Munson, O'Connell, Parr and Randolph, entitled:

"An Act creating the Alaska Statehood Commission; and providing for an effective date."

was read the first time and referred to the Judiciary and Finance Committees.

HOUSE BILL NO. 645 by the Rules Committee by request of the Governor, entitled:

"An Act transferring an appropriation to the Alaska Power Authority for costs associated with the Tyee Lake hydroelectric project; and providing for an effective date."

was read the first time and referred to the Finance Committee.

The Governor's transmittal letter follows:

The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill converting a \$2,000,000 FY 80 appropriation to the Power Project Revolving Fund to an appropriation to the Alaska Power Authority (APA) itself.

Last year, the APA received an appropriation of \$2,715,000 for a large number of hydroelectric projects (see ch. 80 SLA 1979, at pages 66 and 67) upon the understanding that the appropriation would be repaid to the general fund from the revenue generated by the projects for which that financial assistance was provided. Similarly, it is intended that, by transferring this \$2,000,000 from the Power Project Revolving Fund to the APA itself, the APA will repay the general fund from the revenue of the Tyee Lake project in accordance with the terms of the project bonds and generally applicable regulations to be adopted by the APA governing that kind of repayment.

I am proposing this advance to the APA in this manner only on a temporary basis pending the enactment of formal statutory guidelines on the subject.

Sincerely,

Jay S. Hammond
Governor

CONSIDERATION OF THE DAILY CALENDAR

SECOND READING OF HOUSE BILLS

HOUSE BILL NO. 411 (prohibiting sex discrimination in education in the state and implementing art. I, sec. 3 of the Alaska Constitution) was read the second time with the Health, Education and Social Services Committee report (page 917 of the 1979 journal) and the Judiciary Committee report (page 1027 of the 1979 journal).

Mr. Anderson moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR HOUSE BILL 411(Jud) (same title) be adopted in lieu of HOUSE BILL NO. 411.

Mr. Hayes objected and withdrew his objection. There being no further objection, CSHB 411(Jud) was adopted in lieu of the original bill.

Mr. Anderson moved and asked unanimous consent that CSHB 411(Jud) be considered engrossed, advanced to third reading and placed on final passage. There being no objection it was so ordered.

CSHB 411(Jud) was read the third time.

Representative Smith moved and asked unanimous consent that CSHB 411(Jud) be returned to second reading for the purpose of a specific amendment.

Mr. Parr objected.

HB
645

HB
411

CSHB
411
(Jud)

Attachment 3

HB
645

- 205 -

2-19-80

Bethlinworth request

presented by Montgomery: Not approved / held for recommendation
by Smith-Rogers

IN THE

BY

BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making technical amendments to chapter 80,
SLA 1979, the general appropriations act; and
providing for an effective date."

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

* Section 1. Line 24, page 62, chapter 80, SLA 1979 is amended to
read:

	APPROPRIATION ITEMS	GENERAL FUND
Development (Purchase) of Recreation Sites - Fairbanks	220,000	220,000

Montgomery Request Approved

1 IN THE

BY

2 BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making technical amendments to chapter 80,
7 SLA 1979, the general appropriations act; and
8 providing for an effective date."

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

10 * Section 1. Line 18, page 64, chapter 80, SLA 1979 is amended to
11 read:

	12 APPROPRIATION	13 OTHER FUNDS
	ITEMS	
14 <u>Eklutna Power Plant, Paint River and</u>		
15 <u>Six Mile Creek Study Grant - Anchorage (20 7)</u>	50,000	50,000

Mechine request: Approved

1 IN THE

BY

2 BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making technical amendments to chapter 80,
7 SLA 1979, the general appropriations act; and
8 providing for an effective date."

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

10 * Section 1. Lines 16 and 17, page 56, chapter 80, SLA 1979 are
11 amended to read:

12 Municipality of Anchorage (Skill-Center)

13 APPROPRIATION
14 ITEMS

GENERAL FUND

15 Skill Center Purchase/Construction (ED 7)

1,010,000

1,010,000

HOUSE FINANCE COMMITTEE

February 21, 1980

2:45 p.m.

[Tape HFC 80-18, Side 2, #174.]

Upon adjournment of the Joint House Finance and State Affairs PRESENT
Committee meeting, Chairman Meekins called the Finance Committee
meeting to order. All members were present except Representative
Freeman.

Chairman Meekins advised the Committee had before them a
Committee Substitute for HB 645.

HB 645

"An Act transferring an appropriation to the Alaska
Power Authority for costs associated with the Tyee
Lake hydroelectric project; and providing for an
effective date."

Representative Rogers moved that the Committee Substitute not
include the Section relating to the University of Alaska that
the Committee had previously approved. There being no objection,
it was so ordered. Representative Rogers advised he would be
moving to add that section to another bill at a later date.

Representative Haugen moved and asked unanimous consent that
the Committee Substitute for House Bill 645 be reported out
of Committee. There being no objection, CSHB 645 was reported
out with a "do pass" recommendation.

CSHB 645
REPORTED
OUT

The meeting adjourned at 2:50 p.m.

ADJOURN

Tape HFC 80-18, Side 2 #174 to 232

2/21/80

HOUSE FINANCE COMMITTEE
February 25, 1980
1:45 p.m.

All members of the Committee were in attendance, except Representative Moss. Representatives Schaeffer, Duncan and Haugen arrived later in the meeting. Also present: Dr. Helen Beirne, Commissioner, and Roger Lange, Director, Division of Corrections, Department of Health & Social Services; John Crandall, Administrative Assistant to Chairman Meekins; Bob Schroeder and Jerry Schilz, Fiscal Analysts, Division of Legislative Finance.

PRESENT

Chairman Meekins called the meeting to order and advised the purpose of the meeting is to hear testimony on SB 382 and SB 396, supplementals currently in the Senate Finance Committee. He stated they would hear testimony on these bills now to expedite the supplemental budget.

SB 382 - "An Act making a supplemental appropriation to the Department of Health & Social Services, Division of Corrections, for FY 1979 bills; and providing for an effective date."

SB 382

SB 396 - "An Act making supplemental appropriations to the Department of Health & Social Service, Division of Corrections; and providing for an effective date."

SB 396

Chairman Meekins stated the supplemental capital budget that will be passing out of the House Finance Committee will be for \$155 million. He advised the supplemental operating budget requests will be covered by Ron Lehr, Budget & Management, at one sitting at a later date. He added the subcommittee is currently working on incorporating the supplemental requests into one Finance committee substitute.

At this time, Roger Lange presented an overview of SB 396 (see Attachment 1) explaining the rationale behind the requests. The basic problem, he stated, is underfunding for personal services and caseloads the Division could not control. Representative Montgomery questioned the underfunding in personal services. Mr. Lange cited the turnover rate and the problem with manning 24-hour posts. He advised they have to pay a correctional officer time and a half until a permanent employee can be hired. Chairman Meekins noted that, last year, the Legislature deducted a 6% vacancy rate from personal services.

[Representatives Schaeffer and Duncan arrived at this time.]

Mr. Lange advised another problem area is out-of-state contractual for adult confinement. Last year, he noted, the Division was instructed by the Legislature to reduce out-of-state confinement. He advised this was done but that, due to necessity, they are now back to lodging 169 offenders out of state again.

[Representative Haugen arrived at this time.]

Chairman Meekins provided background information on the Legislature's intent regarding out-of-state confinement. He noted that, with reclassification of offenders, there weren't many maximum security facilities in Alaska; hence, the need for out-of-state housing. However, he advised the Legislature became concerned when the number of out-of-state placements became too large; therefore, the Division was directed to reduce that number to 125.

In answer to a question from Representative Montgomery, Mr. Lange advised the \$655,000 request for out-of-state confinement is sufficient to take care of the number of those prisoners through June 30.

Also in adult confinement, Mr. Lange pointed out a large block of money is requested for major medical and for community-based programs--halfway houses.

In juvenile confinement, Mr. Lange stated funds are requested for private institutional care and, under probation and parole, the request is for underfunding and court ordered travel. He pointed out the \$655,000 request also includes funding for leases in the Anchorage area.

A request for five new positions--correctional officers --at the Juneau correctional facility at Lemon Creek was noted by Mr. Lange. Discussion followed.

Regarding parole, Representative Guy pointed out a need for alcoholism treatment counseling at the Juneau facility. He cited an example where an offender is institutionalized longer because he has not been through treatment. Commissioner Helen Beirne stated Alaska does not currently have adequate alcoholism counseling programs at any of its facilities. There was brief discussion. John Crandall described a series of options to be presented in the Division's master plan regarding alcoholism counseling which will be addressed by the Committee at a later date.

Representative Montgomery expressed concern in adding this "piece meal" instead of including an alcoholism counselor at each facility. During further discussion, Representative Guy suggested, as a possible amendment to Section 2,

adding funding for an alcoholism counselor at Lemon Creek for last quarter of the fiscal year "to get the ball rolling" and for some funding for next year. He asked how soon this program could be implemented if the counselor were provided. Mr. Lange responded, if a position were to be established, and everything went smoothly, about six weeks. He stated that, within the \$70,000 request, he feels they already have that flexibility, as the request was based on having a correctional officer aboard now.

Chairman Meekins asked Mr. Lange to reduce the \$70,000 request, based on a March supplemental passage date, and then add what is necessary to address Representative Guy's request and forward that information to the Committee as soon as possible. He indicated he and Representative Montgomery would form a subcommittee to look in to handling this in a comprehensive manner.

REQUEST

Representative Guy advised his staff has been working on some figures for a full-time alcoholism counselor at the Lemon Creek facility (see Attachment 2).

Section 3, Mr. Lange noted, deals with funds for back wages, and Section 4 is needed to avoid further layoffs.

The request in Section 5, Mr. Lange explained, is due to increase in contract jail services with Kodiak, and this is how much they are short. Chairman Meekins asked about the Bethel Jail contract, and Mr. Lange replied this figure is set by legislative intent. Representative Schaeffer asked about the Kotzebue Jail contract, and Mr. Lange noted this is contracted out with the Department of Public Safety. Bob Schroeder explained the contract separation between Department of Health & Social Services and Department of Public Safety is by statute. Holding--in transit or overnight--he advised, is contracted out with the Division of Corrections, and long-term confinement is contracted with Department of Public Safety.

SB 382, Mr. Lange stated, deals with unpaid bills (see Attachment 3). Discussion followed. Noting Mr. Lange is new to his position, Chairman Meekins requested he keep in mind no money is to be expended that is not appropriated, and should an emergency arise, that he so inform the Finance Committee. Mr. Lange apprised the Committee that, due to the 3/4 funding of their budget in Free Conference Committee last year, after one more payroll, they will be very close to over-spending.

Chairman Meekins advised Representative Guy's request and a request from Representative Nels Anderson for an educational program at Lemon Creek would be incorporated into the supplemental.

Commenting on a letter he received sometime back, Representative Guy asked about the inmate relocation policy. He referred to an instance where an inmate was relocated and did not want to move, his family then relocated also, then the inmate was relocated again. Commissioner Beirne advised the policy regarding relocation has been changed somewhat. She discussed long-term versus short-term confinement requirements regarding facilities and advised the policy for non-resident offenders requires they be confined in long-term facilities. She indicated, however, inmates do have process for appeal regarding moving. She stated she would look into this particular matter for Representative Guy.

Chairman Meekins went over the rules for receiving supplemental requests and advised subcommittee chairmen are expected to refuse requests that are not in written form and that do not have sufficient backup. Also, he added, all requests should be listed in order of priority. He advised Representative Freeman is Transportation subcommittee chairman and appointed Representative Duncan subcommittee chairman for Hydroelectric projects. He stated he would accept requests for Telecommunications. Chairman Meekins advised Wednesday, February 27, is the deadline for accepting requests for the supplemental capital budget. He noted the Committee would take action on the bill on Friday, February 29.

The meeting adjourned at 2:30 p.m.

ADJOURN

Tape HFC 80-18 Side 2 #232 - End
80-19 Side 1 #001 - #298

activity in support of the state Mental Health Information System.

10/25/79 Adult Confinement-General	1,202,500.00	Necessary because of inability to absorb vacancies in institutional programs. (Does not reflect Corrections 25% underfunding) On 1-4-80 B&M Budget Analyst recommended approval to Lehr.
10/25/79 Juvenile Confinement	575,500.00	Necessary to retain juveniles in institutions if unable to transfer them to Foster homes. Covers rate increases and major medical underfunding (Does not reflect Corrections 25% underfunding). On 1-4-80 B & M Budget Analyst recommended approval to Lehr.
10/25/79 Probation and Parole	249,900.00	Necessary to alleviate serious underfunding and avoid further layoffs and corresponding service reductions. This will offset additional costs incurred from the institutionalization of offenders otherwise eligible for parole. (Does not reflect 25% underfunding of the overall Corrections Program). On 1-4-80 B&M Budget Analyst recommended approval to Lehr.
10/25/79 Adult Confinement-Operations costs	\$12,734.73	Necessary to cover cost of unfunded arbitration

settlement concerning
FY 79 overtime at
Anchorage Annex. On 1-4-
80 B & M Budget Analyst
recommended approval to
Lehr.

10/25/79 Miscellaneous Vendor
Claims

1,209.37

Unpaid Vendor Billings
prior to FY 75 but not
presented for payment
until FY 79 or FY 80

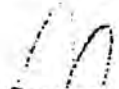
10/25/79 Adult Confinement
Emergency Hire-
Juneau Facility

70,271.00

Necessary to cover cost
of emergency augmented
staffing at Juneau
Correctional Center due
to overload of FBP
inmates in excess of
capacity limits. On
1-4-80 B&M Budget Analyst
recommended approval
to Lehr.

Ron Lehr, Director
Division of Budget & Management
Office of the Governor

January 4, 1980


Dan Dawson, Budget Analyst
Division of Budget & Management
Office of the Governor

Department of Health and
Social Services \$1,202,500
Supplemental for the Adult
Confinement BRU; Log # 06-12

I have reviewed the Department of Health and Social Services request for a \$1,202,500 GF supplemental for the Adult Confinement BRU and recommend approval. This recommendation is based on the following reasons:

Personal services funds totalling \$311,700 are being requested to eliminate personal services underfunding in each institution. This request has also been carried forward in the FY 81 Governor's budget.

In an institution which requires staffing of designated posts on a 24-hour a-day basis there is really no vacancy savings. When a vacancy occurs the post is filled with a temporary employee or another permanent employee on overtime status. The ability to maintain full staffing is ever more important with the increasingly overcrowded conditions that now exist in state prisons. The potential for violence and rape among inmates increases if inmates are unsupervised for long periods of time.

The Instructor position for Eagle River is a must if that institution is to maintain its intended roll of providing a full compliment of rehabilitative programs. The amount requested for this is \$27,900.

The other non-personal services funds requested for the institutions are the result of increased costs from returning 17 inmates from federal prisons - \$93,100 - and short funding of commodities in the Fairbanks Institution - \$86,300.

An amount of \$15,000 is requested for the Anchorage Annex Correction Center to help fund 24-hour magistrate/bail service by interagency payment to the court system.

The \$401,000 requested for out-of-state contractual is unavoidable. State institutions are filled to overflowing and outside institutions offer the only relief available to the Division of Corrections. The Legislature's FY 80 budget is \$233,300 lower than the Governor's budget for this component; even the Governor's budget would not have been sufficient.

The \$100,000 request for Major Medical simply seeks to restore the cut made by the Legislature from the Governor's FY 80 budget for this component. The Governor's budget was based on projections from historical costs.

Ron Lehr, Director

-2-

60
January 4, 1979

The \$167,500 requested for Community Programs is primarily the result of unforeseen rate increases by halfway houses. Any reduction of these vital relief valve beds would further overcrowd the institutions and retard rehabilitative progress made by inmates enrolled in halfway house programs.

DD/spe

MEMORANDUM

TO: Ron Lehr, Director
Division of Budget and
Management
Office of the Governor

DATE:

OCT 25 1979

FILE NO:

TELEPHONE NO:

FROM:

Catherine M. Lloyd
Helen D. Beirne, Commissioner
Office of the Commissioner
Department of Health and
Social Services

SUBJECT:

FY 80 Supplemental Request
Department of Health and
Social Services
Appropriation Adult Confinement

The Department of Health and Social Services requests a FY 80 supplemental appropriation for the Adult Confinement program in the amount of \$1,202,500 state general funds. This supplemental request has been previously approved in the FY 80 operating plan. (attached) This supplemental request is in addition to the 25% underfunding for programs in the Division of Corrections.

This request is identified by allocations as follows.

Palmer	\$ 39,500
Anchorage State	65,000
Juneau	43,700
Fairbanks	154,700
Ketchikan	35,500
Anchorage Annex	57,100
Eagle River	27,900
Ridgeview Manor	91,400
Nome	19,200
Out of State Contractual	401,000
Major Medical	100,000
Community Programs	<u>167,500</u>
	\$1,202,500

Institutional services are unlike that of other services provided within state government. All correctional centers are manned on a 24-hour day, three 8-hour shift basis, 365 days per year. For purposes of safety,

Memo to Ron Lehr
Page 2

security, etc., all posts must be manned 24 hours a day. Therefore, if a Correctional Officer is absent from his duty station on leave status, that post must be filled either with temporary or overtime help. This is also true when an employee terminates. Therefore, there is no savings accrued in the institutional budget when a position is vacant. In fact, when overtime help must be utilized the Division must pay more than having the post manned by a permanent employee. In essence, there are no real vacancy savings, although the budgetary instructions require computation of a vacancy assessment when a position is not filled with a fulltime incumbent.

Aside from the Eagle River Institutional Instructor, the only personal services funds being sought for Adult Confinement are those needed to staff all of the designated posts on a 24-hour basis in each of the correctional centers. Funds are not being requested for new programs, new positions, or supervisory coverage beyond that deemed necessary for safety, security, and good order at the correctional facilities.

This request has been prepared with only 3 months of actual FY 80 data available for projections. The department will revise these projections during December when the department has 5 months of actual data and again in April when the department will have 9 months of actual data.

Attachment

MEMORANDUM

TO: ☐ Ronald Lehr
Director

DATE:

OCT 25 1979

Division of Budget & Management
Office of the Governor

FILE NO:

TELEPHONE NO: 465-3030

FROM:

Catherine M. Lloyd
Helen D. Beirne
Commissioner
Department of Health & Social Services

SUBJECT: FY 80 Supplemental Request,
Dept. of Health & Social Services
Appropriation Juvenile Confinement

The Department of Health and Social Services requests a FY 80 supplemental appropriation for the Juvenile Confinement program in the amount of \$575,500 state general funds. \$400,000 of this supplemental request has been previously approved in the FY 80 operating plan (attached). Increased per diem rates, address below, result in the need for an additional \$175,500. This supplemental request is an addition to the 25% underfunding for programs in the Division of Corrections.

This supplemental request is needed in the event that the plans for transferring juveniles from institutional to foster care do not reach expectations. The Division of Corrections has recently filled the three Alternative Care Coordinator positions. The incumbents in these positions are seeking new foster homes to license and, ultimately, to make proper placement of juveniles in the new foster homes. The division is not able to accurately predict when and how many new foster homes will be licensed. Therefore, the \$575,500 is not a firm figure.

Since the FY 1980 Operating Plan for the Division of Corrections was submitted, revised rates for in-state juvenile institutional care have been implemented. The rate increases were prompted by an opinion from Assistant Attorney General Thomas H. Robertson (copy attached). It is estimated that the rate increases will result in additional expenditures of \$175,500. This amount has been added to the previously approved \$400,000 supplemental request.

The Major Medical component appears to be short funded. Expenditures through October 9, 1979 total \$5,595.60 (back-up attached). The total FY 80 appropriation is \$14,400. This is a non-discretionary program, as medical services must be provided as needed to juveniles in the custody of the division. No supplemental request is made for this component at this time, as accurate projections for the entire fiscal year needs cannot be made with only three months experience. However, as more experience is gained, a request for additional funds will be made if necessary.

The Division of Corrections will make every attempt to control expenditures in the above identified components. Updated projections are being made monthly; any revisions considered necessary to this request will be forthcoming in December when five months of expenditures are known.

Ron Lehr, Director
Division of Budget & Management
Office of the Governor

January 4, 1980


Dan Dawson, Budget Analyst
Division of Budget & Management
Office of the Governor

Department of Health and Social
Services \$575,500 Supplemental
for Juvenile Confinement BRU;
Log # 06-2

I have reviewed the Department of Health and Social Services request for a \$575,500 GF supplemental for the Juvenile Confinement BRU and recommend approval. This recommendation is based on the following reasons.

The Juvenile Confinement BRU was funded by the Free Conference Committee at a level \$696,000 below the Governor's FY 80 budget.

The agency has attempted to reduce expenditures primarily by shifting juveniles in its custody from high cost private institutions to foster homes. Three positions were established by revised program to develop foster homes in Juneau, Anchorage and Fairbanks. This effort is not expected to reduce expenditures by the entire \$696,000 due to start up time required.

Since preparation of the FY 80 budget request an Attorney General's opinion has determined that the Department cannot deny cost of living and staff salary increases when setting private institution cost of care payment rates for FY 80. This will result in additional unbudgeted expenditures of an estimated \$175,500.

A total of \$475,000 was cut from the Governor's budget for McLaughlin Youth Center. To reduce expenditures by that amount housing capability for juveniles would have had to have been reduced by one cottage or 20 beds. Since these juveniles are confined by court order it would have been necessary to confine them somewhere else at the same or greater cost.

Under the circumstances, the Division of Corrections is making a commendable effort to hold down costs if present projections hold up. Not counting the unforeseen mandated \$175,500 rate increases, the Division projects being able to reduce FY 80 expenditures from the Governor's requested level by almost \$300,000.

DD/spe

Ron Lehr, Director
Division of Budget & Management
Office of the Governor

January 4, 1980

10
Dan Dawson, Budget Analyst
Division of Budget & Management
Office of the Governor

Department of Health and
Social Services \$249,900
Supplemental for Probation
and Parole BRU; Log # 06-3

I have reviewed the Department of Health and Social Services request for a \$249,900 GF supplemental for the Probation and Parole BRU and recommend approval. This recommendation is based on the following reasons:

The FY 80 Probation and Parole budget was reduced \$361,400 from the Governor's request. Several employees have been laid off and the Valdez Probation Office has been closed to partially comply with this reduction.

I agree with the agency that any further reduction of probation staff would likely result in more probationers and parolees being returned to jail for lack of adequate supervision. It is far less costly to supervise offenders on probation or parole than to institutionalize them. The likelihood of an offender reintegrating into society is also greater when he is actually functioning in society rather than being in jail.

DD/spe

MEMORANDUM

TO: Ron Lehr, Director
Division of Budget and
Management
Office of the Governor

DATE: OCT 25 1979

FILE NO:

TELEPHONE NO:

FROM: *Catherine M. Lloyd*
Helen D. Beirne, Commissioner
Office of the Commissioner
Department of Health and
Social Services

SUBJECT: FY 80 Supplemental Request
Department of Health and
Social Services
Appropriation Probation and Parole

The Department of Health and Social Services requests a FY 80 supplemental appropriation for the Probation and Parole program in the amount of \$249,900 state general funds. This supplemental request has been previously approved in the FY 80 operating plan. (attached) This supplemental request is in addition to the 25% underfunding for programs in the Division of Corrections.

This request is identified by allocations as follows:

1st Judicial District	\$ 60,300
2nd Judicial District	8,200
3rd Judicial District	132,400
4th Judicial District	<u>49,000</u>
	\$249,900

The Probation and Parole budget was reduced substantially from the original request. In response to this situation layoff notices have been given to four employees and other positions have been identified to be held vacant. The Valdez Probation Office has been closed and other cost cutting measures have been initiated. Without the requested supplemental in the BRU, additional layoffs will be necessary. However, no more layoffs can be made without a significant reduction in probation services. Unfortunately, when probation caseloads become too heavy fewer offenders are recommended for probation. This results in substantially greater cost to the state, inasmuch as it is much more costly to institutionalize offenders than to supervise them on probation.

FCC appropriations for travel will not cover basic court ordered services for investigations and reports to determine offender dispositions, let alone Parole Board, Interstate Compact ordered investigations and offender supervision. The Governor's request was a bare minimum to cover statutorily required travel. Therefore, a supplemental request for travel in the Probation and Parole BRU is requested in the amount of \$20,000 which is included in the \$249,900 total request.

Attachment

Ron Lehr, Director
Division of Budget & Management
Office of the Governor

January 4, 1980

MM
Dan Dawson, Budget Analyst
Division of Budget & Management
Office of the Governor

Department of Health and Social
Services \$12,735 Supplemental for
Adult Confinement BRU; Log #06-11

I have reviewed the Department of Health and Social Services request for a \$12,735 GF supplemental for back pay to five employees of the Anchorage Annex Correction Center resulting from an arbitrated dispute and recommend approval. This recommendation is based on the following reasons:

The disputed pay periods and the arbitration occurred in FY 79, but the obligation was not paid until October, 1979. Thus it had to be paid from FY 80 funds. This was apparently because of a delay within the Division of Personnel in determining the amounts required to be paid to satisfy the arbitration.

The Department is already requesting a FY 80 supplemental for this institution under separate cover, so it would not be able to absorb this additional unbudgeted expenditure.

DD/spe

TO: [Ron Lehr, Director
Division of Budget and Management
Office of the Governor

DATE:

OCT 25 1979

FILE NO:

TELEPHONE NO:

FROM:

Helen D. Beirne
Helen D. Beirne
Commissioner
Department of Health and Social Services

SUBJECT:

FY80 Supplemental Request
Department of Health and
Social Services
Adult Confinement Appropriation
Anchorage Annex

The Department of Health and Social Services requests a FY'80 supplemental appropriation for the Adult Confinement Anchorage Annex program in the amount of \$12,735 State general funds.

The Department of Health and Social Services has been involved in an arbitration involving personnel at the Anchorage Annex facility. Resolution has been accomplished (copy attached). Although we have lost the case, the retribution to the employee at the straight time rate has resulted in considerable savings.

The Department has paid the employees from the current year appropriation, although the time in question was actually in fiscal year 1979.

The special payroll run to pay this obligation shows the following expenditures:

Employees Salaries	\$10,510.27
FICA	486.06
V.I.	73.57
Workmen's Compensation	378.37
Retirement	<u>1,286.46</u>
	\$12,734.73

Attachment

RESOLUTION OF CORRECTIONAL OFFICERS OVERTIME DISPUTE

The parties agree that in full and final resolution of the dispute initially filed on behalf of Correctional Officers on September 6, 1978, and in final settlement of the arbitration award rendered by Arbitrator Peck on February 16, 1979, that Leon Jenkins, Rick Dray, Glen Bowers, Kevin McGee and William Byrd shall be compensated for overtime as at the following rate:

1. Leon Jenkins will be compensated for forty-four (44) hours per month at the straight time rate in existence during fiscal year 1979.
2. Rick Dray will be compensated for sixty-nine (69) hours per month at the straight time rate in existence during fiscal year 1979.
3. Glen Bowers will be compensated for twenty-nine (29) hours per month at the straight time rate in existence during fiscal year 1979.
4. Kevin McGee will be compensated for forty-two (42) hours per month at the straight time rate in existence during fiscal year 1979.
5. William Byrd will be compensated for eleven (11) hours per month at the straight time rate in existence during fiscal year 1979.

The hours referred to in numbers 1 through 5 above constitute a monthly average. Grievants Jenkins, Dray, McGee and Byrd will be compensated in an amount equal to their respective monthly average multiplied by the number of months or fractions of a month at their straight time rate covered by the period beginning September 26, 1978, and ending February 28, 1979. Grievant Glen Bowers will be compensated in an amount equal to his respective monthly average multiplied by the number of months or fractions of a month at his straight time rate for the period beginning August 25 and ending February 28, 1979.

The parties agree that this non-precedent setting resolution shall constitute a full and final resolution of this dispute and that it shall not be referred to in any other dispute, grievance, case, matter or arbitration.

Kimberly Kraly
Alaska Public Employees Association

Kip Roloff
State of Alaska

Ron Lehr, Director
Division of Budget & Management
Office of the Governor

January 4, 1980

Dan Dawson, Budget Analyst
Division of Budget & Management
Office of the Governor

Department of Health and Social
Services Supplemental for \$70,271
for Adult Confinement BRU;
Log #06-13

I have reviewed the Department of Health and Social Services request for a \$70,271 GF supplemental to hire five additional Correctional Officers at the Juneau Correction Center and recommend approval. This recommendation is based on the following reasons:

Juneau is the State's most secure correctional facility and houses the most serious, violence-prone offenders committed in the State outside of the ones sent to the Federal Prisons.

Because of budget limitations in the out-of-state contractual allocation several inmates have been returned from federal prisons and placed in Juneau. As a result that institution is more overcrowded than ever and close supervision is required to prevent incidents of violence between inmates.

The amount requested is based on seven months' funding. A revised program has been submitted by the agency to establish these positions, but the positions cannot be established for the full seven months. Nevertheless, the agency says that the full \$70,271 will be needed to meet overtime and temporary hire expenditures undertaken to deal with the overcrowded crisis situation that now exists.

DD/spe

MEMORANDUM

TO: Ron Lehr, Director
Division of Budget & Management
Office of the Governor

DATE: OCT 25 1979

FILE NO:

TELEPHONE NO:

Catherine M. Lehr
FROM: Helen D. Beirne, Commissioner
Office of the Commissioner
Department of Health and
Social Services

SUBJECT: FY 80 Supplemental Request
Department of Health & Social
Services
Appropriation Adult Confinement
Juneau Emergency Hire

The Department of Health and Social Services requests a FY 80 supplemental appropriation for the Adult Confinement Juneau Facility for emergency hire of five Correctional Officers in the amount of \$70,271 state general funds. This request is in addition to the previously submitted Adult Confinement supplemental request.

The attached memorandum from the Division of Corrections outlines this emergency need. The department is submitting a FY 80 Revised Program requesting the establishment of these positions. The department requests authority to hire these positions immediately utilizing current funding.

This situation has been previously discussed with your office.

attachment



TO: Allen Korhonen
Deputy Commissioner
Department of Health & Social
Services

DATE: October 23, 1979

FILE NO:

TELEPHONE NO: 465-3376

FROM: Walter B. Jones, Jr.
Acting Director
Division of Corrections

SUBJECT: Increased FY Supplemental
Budget Request for State
Correctional Center at Juneau

It is requested that \$70,271.00 be added to our Adult Confinement FY'80 supplemental request in order to emergency hire five (5) Correctional Officers II for the Juneau facility immediately for the following reasons:

1. The institution is averaging ten to twelve more offenders per day in excess of emergency capacity. Emergency capacity is ninety-seven.
2. Since a number of FBP offenders have been returned to this State and most of them housed at the Juneau facility, because of FY'80 out-of-state budget restrictions, there is insufficient staff to adequately supervise inmates.
3. Juneau facility inmates cannot be moved elsewhere in the State because of security needs of prisoners and even if security classification was not a problem, in-state institutional beds are full. We are projecting a little over five (5) new inmates per month for the rest of this fiscal year.
4. The profile on fifty of the inmates at the Juneau facility indicates offenders have been convicted of violent felony crimes and are averaging in excess of six years to serve. The typical offenses are Murder, Rape, ADW, Shoot or Stab with Intent to Murder, Manslaughter, Negligent Homicide and Armed Robbery.
5. These violent offenders are being housed with misdemeanants and non-violent felons because of overcrowding.
6. Several of the violent offenders recently returned have been involved in initiating minor and major incidents (example: the recent food strike).
7. Violent prisoners are managing other nonviolent offenders through intimidation and threats. We cannot protect inmates from one another.
8. Prisoner and staff morale is low and staff must be ordered to work overtime and leaves must be rescinded or denied.

Allen Korhonen
Page 2
October 23, 1979

Re: Increased FY Supplemental Budget
Request for State Correctional
Center at Juneau

Five Correctional Officer positions will enable management to establish a 24-hour maximum security post immediately. This action and the return of selected offenders to the Federal Bureau of Prisons will allow the facility to return to acceptable operating standards.

WBJ:cc
cc: Charles F. Campbell
Ted Corey

FEB. 24, 1980

To: Phil Guy

Here are the cost estimates for hiring a full-time alcoholism counselor for the state jail at Lemon Creek.

From Matt Felix, Juneau Alcoholism and Drug Abuse Central Agency:

<u>salary</u>	<u>benefits</u>	<u>total cost</u>
21,000	27.5%	26,775/ yr.

From the Dept. of Administration's Personnel Section:

<u>salary</u>	<u>benefits</u>	<u>total cost</u>
22,200	27.5%	28,194/yr.

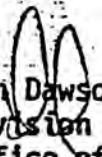
For a non-permanent employee:

<u>salary</u>	<u>benefits</u>	<u>total cost</u>
1850/mo.	9%	2016.50/ mo.

The City of Juneau actually has a job classification entitled "alcoholism counselor", but the State's Personnel Section does not. The educational requirements of a Social Worker II are equivalent to that of the City's alcoholism counselor.

Ron Lehr, Director
Division of Budget & Management
Office of the Governor

January 4, 1980


Dan Dawson, Budget Analyst
Division of Budget & Management
Office of the Governor

Department of Health and
Social Services \$400,000
Supplemental for Various BRU's
of the Division of Corrections
Log # 06-1

I have reviewed the Department of Health and Social Services request for a \$400,000 GF supplemental to pay outstanding bills for the Division of Corrections from FY 79 and recommend approval. This recommendation is based on the following reasons:

I believe the primary reason the Department has gotten itself into this jam again is poor fiscal management. This analyst has repeatedly advised the Division of Corrections over the past couple of years to delegate expenditure responsibility to its jail superintendents and probation field supervisors. It has only been since last summer after the change of the Division's chief administrative officer that the Division has moved to delegate fiscal responsibility (see my memo of November 30, copy attached). The Division has been operating in the perilous position of having scores of people in the field who can financially obligate the State but who are not held accountable for budgetary limitations. Also, until recently the Departmental management has not seemed to take an interest in correcting the situation within the Division of Corrections.

Some of these unpaid prior year bills are outside the agency's direct control. Many vendors provide services to the Division, especially to the Correctional Institutions. Some of these vendors hire new or inexperienced bookkeepers who simply fail to send bills for service rendered to the Division on a timely basis.

Another factor beyond the Division's total control are disputes between State and local jurisdictions over payment of prisoners' medical services. The disputes may be over whose custody a prisoner was in when treatment was rendered. Frequently disputes are not resolved during the fiscal year service was rendered, and most often the State ends up being accountable for the bill.

The Department is working closely with Legislative Audit in compiling these bills by vendor and budgetary component. Some bills are still trickling in from the field. A final tally will not be ready for some time, but the total is not expected to exceed \$400,000.

DD/spe

TO: [Ronald D. Lehr, Director
Division of Budget and Management
Office of the Governor

DATE: November 30, 1979

FILE NO:

TELEPHONE NO:

FROM: Dan Dawson, Budget Analyst
Division of Budget and Management
Office of the Governor

SUBJECT: Efforts by the Department of
Health and Social Services,
Division of Corrections, to
Tighten Fiscal Management

You asked me to check progress made by the Department of Health and Social Services in controlling over-expenditures by the Division of Corrections.

Last year, it was necessary for the Division of Budget and Management to prepare a supplemental request for almost a quarter million dollars worth of unpaid bills from prior year FY 78. This year, the Division of Corrections has \$400,000 worth of unpaid bills, and it will be necessary for us to repeat this exercise.

In order to avoid such surprises in the future, the Department was advised by this office that unless steps were taken to strengthen Division of Correction's fiscal management, the Division of Budget and Management would take firm action to control expenditures.

The Department seems to be making a good faith effort to gain control of the Division of Correction's expenditures.

In March of this year, a training officer position was reclassified to an accountant position in the Director's Office. Last summer, after the Administrative Officer III, Lee Dalby, left, Roger Lange's position was transferred from the Office of Internal Review to the Division of Corrections. He is functioning now as an Internal Management Administrator. The Division may soon be filling the Administrative Officer III position vacated by Dalby. These three positions are to form the nucleus of the soon-to-be formalized Technical Services Unit.

Roger Lange has taken steps to assign fiscal responsibility to the Correction Center Superintendents and Regional Probation and Parole Administrators. They have each been given their relevant portion of the revised FY 80 work plan with written instructions to live with in the plan. They are sent copies of the monthly expenditure journal and authorization balances reports so they can check the status of their expenditures.

During the second week of December, all Correctional Superintendents and other Administrators will meet to begin planning for implementation of the Corrections Master Plan. At that meeting, Mr. Lange plans to take the opportunity to communicate directly with these Administrators about fiscal management and try to clear up any problems or misunderstandings they may have about what is expected of them.

Mr. Lange feels that he has the full support of the new Director, Charles Campbell. This support is essential to holding the Administrators accountable for expenditure control.

Mr. Lange also plans to send himself, the Administrative Officer, or the Accountant, around every six months to all institutions and field offices to render technical training and assistance to the Administrators and their staff.

I told Roger Lange that documentation of these efforts by his agency will be important to favorable consideration of the supplemental request for the \$400,000 unpaid bills from FY 79. By copy of this memorandum to Roger Lange, and to Catherine Lloyd, I am requesting that the Department of Health and Social Services verify the accuracy of the information contained herein. The Department is also encouraged to provide additional written material which will document the efforts to prevent future Division of Corrections's expenditure overruns. Some copies of fiscal management directives to field administrators have already been furnished by Mr. Lange and are attached for your reference.

cc: Catherine M. Lloyd, Deputy Commissioner
Administrative Management
Department of Health and Social Services

Roger Lange

Budget Review Committee

FR 1979 Bills
S.R. 382

Prepared By	Date
Approved By	12.7.8

Form H556 Bull - Form G556 Green

(1)	(2)	(3)	(4)	(5)	(6)
1	Adult Cows				
2					
3	Primer	198237			
4	Aug. State (2nd)	83295			
5	Feb. State	61335			
6	Kern River	161215			
7	Aug. Auger.	233536			
8	Snake River	747236			
9	Los Angeles	144720			
10	Nome	148769			
11	Feb. Beaver	18145581			
12	Previous				
13	Mar. 140/1000H.	1107840			
14					
15	Total Adult Cows		21031764		
16					
17	June 1979 Cows				
18					
19	June 1979 Cows	15221206			
20					
21	Total 1979 Cows		15221206		
22					
23	Feb. 1979 Cows				
24					
25	3rd July Dist	122640			
26	4th "	103393			
27					
28	Total 1979 Cows		226033		
29					
30					
31	DOC District Cows	1383406			
32					
33	Total 1979 Cows		1383406		
34					
35					
36	Total 1979 Cows		37862409		
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51					
52					
53					
54					
55					
56					
57					
58					
59					
60					
61					
62					
63					
64					
65					
66					
67					
68					
69					
70					
71					
72					
73					
74					
75					
76					
77					
78					
79					
80					
81					
82					
83					
84					
85					
86					
87					
88					
89					
90					
91					
92					
93					
94					
95					
96					
97					
98					
99					
100					

Attachment 3

235-

2.35-80

HOUSE FINANCE COMMITTEE
February 26, 1980
1:40 p.m.

[Tape HFC 80-19, Side 1 #298]

All members of the Committee were present. Also present:
See attached attendance list.

PRESENT

Chairman Meekins called the meeting to order. Representative Freeman introduced Mr. Ron Wentz, who will act as spokesman for the Ketchikan Delegation present at today's meeting.

KETCHIKAN
DELEGATION
PRESENTATION

Mr. Wentz presented a packet to Committee members. He advised that included in that packet is the Ketchikan Community Delegation's "Statement of Positions" (see attachment). He briefly explained some of the items included in the Statement.

Representative Haugen commented on the Shoenbar Bypass, and said it is a very worthwhile project.

Representative Freeman thanked the Ketchikan Delegation for appearing at today's meeting. A recess was called at 2:00 p.m. [Tape HFC 80-19, Side 1 #623.] Chairman Meekins recalled the meeting to order at 2:05 p.m.

RECESS

Mr. Dave Rose, Executive Director, Alaska Municipal Bond Bank Authority, testified on HB 719 (see attachments).

HB 719

"An Act relating to the definition of municipal bonds under the Alaska Municipal Bond Bank Authority Act; and providing for an effective date."

Mr. Rose advised that HB 719 was introduced at the request of the Alaska Municipal Bond Bank Authority. He advised the first section asks that bonds be bonds of the boroughs. He said the second section of the bill deals with re-defining the law concerning the bond bank's ability to purchase bonds for electrical generation. He explained the problem comes up when there are small projects which the Alaska Power Authority does not have the ability to respond to. He referred to the situation at King Cove. He said the bill was drafted with the concurrence of the Alaska Power Authority.

Chairman Meekins asked if Mr. Yould (Executive Director, Alaska Power Authority) supported this idea. Mr. Rose said Mr. Yould wants to be able to respond to these situations, and he is not able to under current statute.

Chairman Meekins asked Representative McKinnon if this bill would be in conflict with the bill he has introduced. Representative McKinnon said it would not be. He said HB 719 is for small projects, and it isn't in the Alaska Power Authority.

Representative Freeman asked what price tag they were looking at. Mr. Rose said the projects would probably be between \$1 and \$2 million. Representative Freeman commented that diesel power generation can get pretty expensive, and he said there is nothing in the legislation that would limit them to small projects. Mr. Rose commented that as a matter of economics they would not recommend that anyone get involved in diesel power if they can help it.

Representative Freeman asked if he would object to having a dollar limit included in the legislation. Mr. Rose said he would have no objection. He commented the Legislature does have some control already because the bond bank operates on a revolving fund, with an appropriation of \$2 million.

Representative Duncan said he would like to receive testimony from Mr. Yould before any action is taken on this bill.

There was discussion on whether or not the Alaska Power Authority might already have the statutory authority to do this. Mr. Rose commented that he and Mr. Yould are in agreement -- they don't care who has the program, as long as someone is doing it. He said if the Legislature only wanted to handle the service area issue in this bill, he would have no objection.

Chairman Meekins asked if Mr. Rose could explain the problem he has heard about concerning selling Anchorage's bonds. Mr. Rose advised a serious situation has arisen in the past five or six days, where it looks like the capital improvement projects in their city may be lost for the whole summer. He said the bond index was lifted to almost 8 1/2% by the Fed.'s, and the Anchorage bonds have a limit of 8%. He said unless some immediate action is taken, all the projects planned for this summer will be lost.

PROBLEMS
WITH
SALE OF
BONDS

Mr. Rose advised that he made a recommendation to the Governor's office that the State purchase the bonds that are ready to go now and try to get a supplemental appropriation for the April calendar so the bond bank can sell at market, and purchase from the city at their caper limit. He advise today's issue is about \$2-3 million, and they are talking about \$3 million for the April issue. There was discussion. Mr. Rose said the preferred approach is to go with a subsidy, but the problem is with the timing. He said the projects are already designed and ready to go within thirty days.

Representative Rogers requested a list of those communities that will be having bonding problems. Mr. Rose provided the following list:

Anchorage \$19 million
Sitka \$5.6 million
Bristol Bay Borough \$4 million
Kenai Peninsula Borough \$7.6 million
Seward \$1.7 million
Ketchikan Gateway Borough \$400,000
Kodiak \$28 million

Chairman Meekins requested that Mr. Rose work with Representative McKinnon to arrive at a figure for a subsidy, with the idea of including that amount in their supplemental appropriation bill.

[Tape 80-19, Side 2 #132.]

Mr. Jeff Barry, Alaska '84, showed an audio/visual presentation supporting holding the world's fair in Anchorage in 1984. He explained how holding the fair in Anchorage would benefit the entire state. He said they anticipate 300,000 tourists will come to Alaska just to see the fair. He commented that last year 166,000 people went through the Anchorage airport without disembarking, and the fair would be an incentive for them to disembark. He commented the fair would pay for itself just by the amount of taxes that would be returned to the State, without taking into consideration the workers that would be needed. He said tourism is the clean industry the State has asked for. Mr. Barry said half the pavillion of the fair could become a Native Cultural Center.

ALASKA
'84

Mr. Barry said they have submitted their application to the U. S. Department of Commerce, and they have three weeks in which to present further information. He said one of the considerations for granting the application would be a demonstration of state support. Mr. Barry said Alaska '84 is requesting a \$1 million appropriation to go through the Department of Commerce and Economic Development, directing the Department to enter into a contract for feasibility based on revenue projections and expenses. He said the application will be decided no later than June.

Chairman Meekins asked what kind of financial support they are receiving from entities other than the State. Mr. Barry said by the time the application was processed they had collected \$550,000 from private industry. He said that because their time until now has been spent in preparing the application, they have not had the opportunity to begin a thorough resource from private industry. He commented on the support they have received from the airlines, hotels and Alaska Visitors Association.

Chairman Meekins asked how much the state would be expected to contribute if the application were approved. Mr. Barry said the projections made indicate that over a four year period \$18.2 million will be needed: \$1 million the first year, \$3 million the second year, \$7 million the third year, and \$4 million the third year. He commented on the amount of money Seattle and Spokane received from their world's fairs.

Concerning the \$1 million appropriation they are requesting now, Representative Rogers asked if they would spend the full amount if the application was not accepted. Mr. Barry said no, according to the flow chart prepared, they would only have expended \$300,000 by the time the application is decided.

There was discussion on how the World's Fair in Anchorage could benefit other areas of the state. Mr. Barry said more than \$500 million in "clean money" would be coming into the state. Mr. Barry said people coming to the fair will probably be able to go through it in three days, and will then leave Anchorage and go to other communities in Alaska.

There was further discussion on the world's fair. Chairman Meekins advised he is interested in including the \$1 million request in the supplemental budget they are preparing.

The meeting adjourned at 3:07 p.m.

ADJOURN

2/26/80

HOUSE FINANCE COMMITTEE

ATTENDANCE LIST

MEETING DATE:

Feb 26, 1980

NAME	REPRESENTING
Marvin L. Gider	Ketchikan Gateway Borough
Ken O'Toole	Daily News
DALE MILLER	Husky Parcel Chamber
SAUL SMITH	CHAMBER OF COMMERCE
M B SALAZAR	Ketchikan
Joe Hook	Chamber
Dale H. Fox	Ketchikan Visitors Bureau
Pamela W. Ingren	Ketchikan Chamber of Commerce
Thoy E. Ingren	Ketchikan Chamber of Commerce
Samuel Abunish	North Tongue Hardway 99928
Stan Marsden	Craig Alaska 99921
Mike Koren	Ketchikan Alaska Council
Dr. Ronald L. Hatch	CITY OF CRAIG 99921
Bonnie Wentworth	City of Craig
Eugene W. Trout	CAPE FOX CORP SAXMAN
Dave Rose	AK MUNICIPAL BOND BANK
Karen K. King	Ket. Gateway Soc. Sch. Dist.
Jack McBrade	Ketchikan Council & Board
Pauline G. Ruggie	Klamath, AR
Ted Ferry	Ketchikan
Bob Arnold	Ketchikan Public Utilities
Michael S. Taveliero	CITY OF SAXMAN
Jeff Barry	Alaska 1984
Don Dickey	AK. State Chamber of Commerce

Attachment

2/26/80

KETCHIKAN COMMUNITY DELEGATION

February 26-27, 1980

STATEMENT OF POSITIONS

These positions have been formally adopted by one or more of the following participants:

City of Ketchikan
Ketchikan Gateway Borough
Ketchikan Board of Education
Ketchikan Chamber of Commerce
City of Saxman
Cape Fox Native Corporation

TRANSPORTATION

Marine Transportation

- 1) State Marine Repair Facility - Support a marine repair facility in Alaska which would return a greater portion of ferry maintenance expenditures in Alaska. Revenue from private and commercial vessels should be encouraged and used to amortize the facility.
- 2) Rehabilitate Ketchikan Northern Terminal - Support of an inclusion of \$1,000,000 on the Ports and Harbors Bond Issue for the rehabilitation of the Ketchikan Northern Terminal be based on an upcoming re-development plan by CH2M/Hill and will provide economic benefits for Ketchikan/Saxman area.
- 3) Comprehensive Waterfront Plan - Support a direct appropriation to the Ketchikan Gateway Borough of \$75,000 for a Ketchikan Comprehensive Waterfront Plan which would incorporate port and harbor development for Ketchikan and Saxman waterfronts.

Ketchikan Airport

- 1) Master Plan Project - Support the airport developments as outlined in the 1980 Ketchikan Airport Master Plan, particularly the major project of the north taxiway which will alleviate runway congestion and facilitate energy conservation, and time efficiency.
- 2) Airport Subsidy - The Borough has been using its Federal Revenue Sharing funds for the past years to meet the financial requirements of the Ketchikan International Airport operations. Ketchikan Airport is the major truck airport serving all the residents of the lower southern Alaska panhandle. Therefore, Ketchikan feels that a portion of the airport operations costs should be supported by the statewide Alaska citizenry through a State subsidy of \$250,000 to the Ketchikan Airport to offset the use of Ketchikan's Federal Revenue Sharing funds in order that these revenue sharing funds can be used to directly lessen the tax burden of the Ketchikan residents.

Roads and Highway Development

- 1) Schoenbar Bypass - Continued support for construction of the Schoenbar Bypass.
- 2) Gravina Pennock Road Plan - The Gateway Borough urges the State to assist the Borough, through planning grants, assistance from DOT, and/or Division of Technical Services of DNR, in planning the future orderly development of Gravina Island and Pennock Island.

Both the Borough and the State have extensive land selections on Gravina Island and Pennock Island that will need to be managed or disposed of in the future.

A comprehensive roading plan and associated right-of-ways need to be planned for and designated in advance of any Borough or State land disposals or subdivisions. The Gravina road plan needs to be integrated with the airport road system.

It is estimated that a comprehensive study of this nature could be done for \$250,000. This type of planning will help avoid some of the problems of land disposal that the Borough and the State are currently experiencing.

CULTURAL FACILITIES

- 1) Saxman Long House - Support of the requested Saxman Long House under the Alaska Department of Commerce and Economic Development's Cultural Facility Construction and Development Grants Program. The purpose of the Long House is to provide an appropriate facility to preserve cultural remnants, support traditional art, and increase cultural awareness.
- 2) Totem Restoration - Support of financial assistance for repair and maintenance of the Totem Park totem poles.
- 3) Ketchikan Community Center with Cultural and Convention Facilities - Support Ketchikan's application for matching funding for construction of a \$7.9 million Community Center under the statewide grants program. This facility has been in the planning process for years and would include space for the performing arts, arts and crafts, meeting and multi-purpose exclusively from local sources.

PUBLIC FACILITIES

- 1) Regional Jail - Support a regional jail facility in Ketchikan to include the City jail and City police station.

ENERGY

- 1) Support and request continued State efforts to resolve the current statewide energy problem by recognition of the importance of making

possible the funding of the many renewable resource energy projects located within the State of Alaska through the use of long-term, low interest loans with funds generated from non-renewable resource revenues of the State. Toward this end, Ketchikan would urge legislative support of the Alaska Power Authority's FY 1981 budget as a minimum support effort this year to maintain Alaska as an economically viable place in which to live. Further, support by the State in the way of renewable energy research and development, acquisition by the State of important energy resources (to include hydroelectric sites), as well as a long-term solution for the requisite funding must begin if the statewide energy problem is to be resolved. Important projects which should be pursued are testing, identifying and demonstrating for potential geothermal resources, wind, tidal and other energy alternatives in Southeast Alaska.

FISHERIES

- 1) Salmon Rehabilitation - The Borough requests a substantial appropriation to study and apply salmon rehabilitation techniques to the Keta River.
- 2) Bottomfish - We request the Bottomfish coordinator's office and the Department of Commerce to investigate economic impediments to domestic harvest of bottomfish in the 200 mile limit.

EDUCATION

- 1) School Foundation - Support an increase in the instructional unit to reflect inflation and support revisions in the School Foundation Program which reflect equalization of local support.
- 2) Current Legislation - Opposed to HB 453, Conditions of Bargaining; HB 487, Binding Arbitration; and HB 540, Tournament Travel Funding.

HOSPITAL

- 1) Land Acquisition Financing - Support of \$450,000 amount as either a legislative appropriation or included in the 1980 State Bond package for hospital for the purpose of land acquisition for health care related needs near the hospital.

TOURISM PROMOTION

- 1) Support an amendment to the grant program for promoting convention and incentive travel to include provision for the use of these grant monies for tourism promotion. This would allow the grant program to meet the needs of Alaskan communities more effectively. It means an amendment to AS Sec. 44.33.145.

LOCAL GOVERNMENT ASSISTANCE

- 1) Boundary Study - Support of a \$20,000 legislative appropriation to fund a borough boundary change study that will evaluate the costs and benefits of annexing areas adjacent to the borough, including

the site of the proposed Quartz Hill molybdenum mine.

- 2) Revenue Sharing - Support a revision of the State's revenue sharing policies and increase revenue sharing payments to municipalities to match a full funding of need. The new revenue sharing formula would take into account the economic and tax resources of each community and qualify its revenue sharing payments based on these factors. Under this plan no community would receive any less revenue sharing than it receives at the present time and also provides for a minimum entitlement to all communities. The present categorical grant formula rate has not changed, in many instances, since 1971, placing those established dollars 89% behind the value of a dollar in 1980.
- 3) Saxman Administration - Support the appropriation of seed monies to maintain and operate the city administration for two years in order to work towards development of a sound and diversified economic base.

LAND

- 1) Land Suits - Support House Bill 632, by Metcalfe and Moss, an act relating to litigation involving action by the State and amending Rule 45 of the Rules of Appellate Procedure and Rules 6(b) and 65(c) of the Rules of Civil Procedure. This bill would require parties like environmental groups who initiate suite affecting the economy of a community to post a bond making them financially responsible for losses resulting from unsuccessful suits.
- 2) Tree Farm - With Ketchikan as the center of Alaska's timber industry and a majority of the private and state commercial timber holdings in Southeast Alaska being within the Ketchikan circle, the Alaska State Forest Service, a division of the Department of Natural Resources, is requested to establish a State Tree Nursery and locate the administrative functions of the State of Alaska Forestry Research and Development activities in the Ketchikan Gateway Borough.

SPECIAL PROJECTS

- 1) Handicap Access - Support a direct appropriation to the Gateway Opportunity Center, Rehabilitation facility for the handicapped for \$55,000 in order to install an elevator in the facility to comply with Federal 504 regulations regarding accessibility.

ROSE

Introduced: 2/12/80
Referred: Finance

1 IN THE HOUSE

BY MALONE BY REQUEST

2 HOUSE BILL NO. 719

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the definition of municipal bonds
7 under the Alaska Municipal Bond Bank Authority Act; and
8 providing for an effective date."

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

10 * Section 1. AS 44.58.410(3) is amended by adding a new subparagraph to
11 read:

12 (D) a bond of a borough issued as a general obligation
13 of a service area under AS 29.58.340.

14 * Sec. 2. AS 44.58.410(3)(B) is amended to read:

15 (B) a revenue bond, except a revenue bond for electrical
16 generation purposes other than diesel powered generation, issued by
17 a municipality which pledges [IS A PLEDGE OF] the revenue of a
18 revenue-producing capital improvement and which is payable solely
19 from the revenue of the revenue-producing capital improvement
20 [UNPLEDGED REVENUE OF THE PUBLIC FACILITY FOR WHICH THE OBLIGATIONS
21 ARE ISSUED]; or

22 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
23 070(c).

24

25

26

27

28

29

Attachment

ALASKA POWER AUTHORITY

333 WEST 4th AVENUE - SUITE 31 - ANCHORAGE, ALASKA 99501

Phone: (907) 277-7641
(907) 276-2715

October 12, 1979

Mr. David A. Rose
Executive Director
Alaska Municipal Bond Bank Authority
601 West 5th Avenue, Suite 325
Anchorage, Alaska 99501

Dear Mr. Rose:

There is a need for a timely financing vehicle for diesel powered plants for small Alaskan communities that the Power Authority presently cannot provide due to the requirement for a joint resolution of the legislature authorizing the sale of bonds by the Authority. For this reason I support the proposed amendment to AS 44.58. I have not had an opportunity to present the proposal to the Power Authority Board of Directors, however, I am confident it would be supported as long as certain considerations are adhered to by the Bond Bank Authority in exercising this purpose.

First, there is great concern expressed by private and cooperative utilities statewide and the Alaska Public Utilities Commission of competition in power generation by the government sector, whether it is federal, state, or local, with the existing certificated utility. This competition promotes inefficient production of power and higher costs for all customers of the utility. Therefore, I urge the Bond Bank Authority to insure coordination and agreement with the existing utility, if one exists, prior to financing any diesel generation capacity. Standby reserve generators and replacement generators financed for existing small public utilities do not normally present a problem.

Second, the Bond Bank Authority may desire to coordinate or seek comments of the Power Authority staff on any diesel power generation proposals which are considered for financing. This may help to eliminate wasteful investment in generation capacity, duplication of efforts, and coordination as mentioned above.

Thank you for your consideration in seeking concurrence of the Power Authority.

Sincerely,



Eric P. Yould
Executive Director

cc: Power Authority Board Members
Representative Terry Gardiner
Senator Clem Tillion
APUC
DEPD

ALASKA POWER AUTHORITY

333 WEST 4th AVENUE - SUITE 31 - ANCHORAGE, ALASKA 99501

Phone: (907) 277-7641
(907) 276-2715

December 26, 1979

Mr. Jerry Reinwand
Executive Assistant
Office of the Governor
Pouch A
Juneau, Alaska 99811

Dear Jerry:

The attached letter from Mr. David Jensen, King Cove City Manager, highlights a serious gap in the power industry. Because of significant developments in King Cove resulting from the expanding fishing industry, the financing capacity of the city needed for essential services has all but vanished. Concurrently, the sixty percent increase in population in King Cove during the last year and a half has increased energy demands to the point that existing generation facilities are not adequate. If this new fishing industry is truly going to expand, the state must make provisions for the impacted communities to cope with the growing pains. Basically, their's is not an economic problem, but instead, one of finance.

Neither the Bond Bank or the Alaska Industrial Development Authority are authorized to finance municipal generation. Furthermore, the Power Authority has no discretionary funds to lend nor can it issue bonds unless given specific legislative authorization. In regard to providing a mechanism for financings such as King Cove power, I would suggest that the Bond Bank be given the statutory authority to provide financing for short lead time, low capital cost diesel generation. An alternative would be to allow the Power Authority blanket authorization to provide for diesel generation financing.

In the meantime, however, it appears as though King Cove has a problem. I would anticipate that there will be special legislation to provide the funding needed for King Cove. If such a bill is introduced and if it is successfully passed by the Legislature, I hope that you and the Budget Review Committee will support the legislation.

Please call upon me if I can provide you or the BRC any additional information on this subject.

Sincerely,



Eric P. Yould
Executive Director

cc: David Jensen
Dave Rose

CITY OF KING COVE

P. O. Box 37 • King Cove, Alaska 99612 • (907) 497-2340

December 4, 1979

Mr. Eric Yould
Executive Director
Alaska Power Authority
333 W. 4th Avenue, Suite 31
Anchorage, Alaska 99501

Dear Mr. Yould:

This letter follows our conversation yesterday regarding the King Cove municipal utility. I think it appropriate to explain the history of the utility and outline the serious problems the community still faces with respect to power needs and how we might resolve the problems.

History

The King Cove power system was dilapidated and outdated by the summer of 1977. Overhead lines were frayed and in some cases power lines in poor condition carrying city power would go to ground on wet power poles. Loss of generated power not to mention hazards to the public prompted the city council to seek funding for reconstruction of the existing city distribution system.

I drafted grant proposals to the U. S. Dept. of Housing and Urban Development and U. S. Dept. of Commerce EDA. Combined with city funds over \$600,000 has been spent to date on general upgrading of the King Cove power distribution system. The power grid consists of a basic underground 7200 volt primary delivery system. New stable and steady power permits local residents to enjoy new appliances and electrical devices. The power distribution system has been extended to the Rams Creek area east of King Cove where 23 new housing units are under construction. The grid also extends to the harbor and is also tied into the Peter Pan Seafoods Fish Company.

The advantage of tying into the local processor is that the city can backfeed power to the company when they are shut down. The distribution system is working well. The council has raised rates to 15¢ per KW hour. Rising fuel costs and capital needs along with operating costs will mean a raise sometime in the future.

Mr. Eric Yould
December 4, 1979
Page Two

The first step has been taken. The city has a new power distribution gridwork. Future needs have been cared for in design; new houses in the Rams Creek area can be provided with power as a result of all the work done to date.

Current Plans for Improvement

The existing power generation plant and attendant fuel tanks are located squarely in the middle of town in a residential area. The age of the generation house, oil soaked timbers and exposure to the general public cause grave concern for the city council.

The city recently completed a (18,000 sq. ft.) storage warehouse in the last harbor area. It was not originally conceived that the warehouse could house a generation plant, however, later considerations led the council to believe that a portion of the warehouse for a generation plant has distinct advantages, and warehouse construction permits renovation.

At the city council meeting of November 28, 1979 the council authorized S & S Electric of Anchorage to proceed with a plan to relocate the existing power plant and remodel the warehouse to accommodate the city plant. A contract for services is authorized for \$114,000. The city will pay for all costs of the move from funds available in the general fund. The expense of the move will, however, completely wipe out the capital improvement fund, leaving the city without further capital funds.

The city plans to install fuel lines from the docks to the fuel tanks in the harbor. Incidentally, one of the nice facets of this plan is that waste heat from the generators will be used to heat the warehouse. The planned improvements will include installation of footings for four generators large enough to accommodate 600 KW type generators.

I have attached a schematic of the planned improvements for your consideration and labeled it as exhibit . The city anticipates completion of the move by March 1980.

Future Needs

The demand for power is increasing dramatically in King Cove. The population has increased from 450 to 750 persons in the last year and a half. Local residents, enjoying economic prosperity from expanding fisheries development, are acquiring nice appliances, accordingly individual household power consumption is increasing. Population increases along with household power consumption increases have brought the demand for power to the limit of existing generation capability.

Twenty three new houses under construction east of town and eventual hook-up of the harbor float system will exceed the power generation capability of the utility.

Current consumption is between 350 to 400 KW. Engineers tell me that power demands will reach to 500 or even 550 KW relatively soon. A new generator is desperately needed by summer 1980 or the existing city generation capability will be unable to meet community needs.

Identified as suitable for present and future demand is a generator the same as or similar to a caterpillar D398 natural aspirated 1200 RPM 600 KW prime power unit. The unit cost for example is \$113,403. Freight and attendant equipment adds approximately \$70,000 for a total acquisition cost of \$200,000 (est.)

Current Problem

The city of King Cove is financially overwhelmed with development needs. Housing additions require sewer and water system expansion. Currently the city is involved in a bond issue to U. S. Dept. of Agriculture Farmers Home Admin. for \$260,000 to supplement a \$1.3 million water improvement project. The water improvements are by in large being funded with federal grants except for the city share. Boat harbor improvements will require some financial assistance on behalf of the city. Sewer system improvements are absolutely essential and yet to be addressed. The city has an existing bond with Farmers Home Admin. with approximately \$218,000 principal yet to retire. With the new water system bond issue the small community of King Cove will have a very high debt to population ratio. Perhaps the highest per capita debt is the State of Alaska.

Private lending agencies are not interested in entertaining loan requests from King Cove. Past experience with one Anchorage bank willing to assist the city was that the bank required funds on deposit as collateral or federal agency guarantees for loan repayment.

With the use of all the city capital funds to move the power plant the city will have no funds on deposit to borrow against. Most federal agencies are prohibited by their own regulations in financing power generation systems. REA is not able to assist small municipal power systems.

What King Cove faces is:

- (1) Inability to borrow from private lenders due to high debt per capita ratio.

Mr. Eric Yould
December 4, 1979
Page Four

- (2) No federal assistance in sight.
- (3) The Alaska Bond Bank or Alaska Industrial Development Authorities unable to participate for one reason or another.
- (4) The strain on municipal systems, in this case power, is so great the city faces system collapse if a new larger generation system is not completed in the very near future.

Perceived Solution

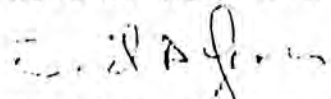
The city is hopeful that your agency can assist the community. The city would like to borrow \$200,000 on a short term basis perhaps 5 years at the lowest interest rate obtainable under prevailing conditions. The legislature we sincerely hope would warmly consider an appropriation loan to the community. Accordingly, on behalf of the residents of King Cove, I request your assistance in helping us secure a loan to purchase a large generator, by approaching the legislature on the city's behalf.

The problem is damn serious. I have knocked on doors and done all the homework. We need a loan and we can't get one. In the past I have discussed grant funds like economic development "impact funds" with legislators and have had little encouragement. Therefore, I think a loan through your authority is the last door to knock on. Your assistance is appreciated.

Please call me at 276-2700 if I may answer any questions you may have.

Sincerely,

CITY OF KING COVE



David A. Jensen
City Manager

DAJ:alp

P.S. I am taking the liberty of mailing this letter to our local legislative delegation and some other legislators who are familiar with King Cove and fisheries development problems.

cc: Rep. Alvin Osterback
Sen. Robert Mulcahy
Sen. Clem Tillion
Rep. John G. Fuller
Sen. Tim Kelly
City Council of King Cove

Sen. George H. Hohman
Rep. Russ Meekins, Jr.
Rep. Samuel R. Cotten
Sen. Bill Sumner

HOUSE FINANCE COMMITTEE
March 3, 1980
1:45 p.m.

[Tape HFC 80-20, Side 1 #001.]

All members of the Committee were present. Also present were Dennis Kelso, Director, Altam Associates; Robert Ccle, Coordinator, Office of Alcoholism and Drug Abuse; Wallace Miller, President, Miller and Associates; and Jay Hogan and Jerry Schilz, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and presented Committee members with copies of the report "Special Efforts in Response to Alcoholism and Alcohol Abuse Problems" (see attachment). He advised the report was prepared by Mr. Dennis Kelso, Altam Associates.

ALCOHOL
ABUSE
APPRO-
PRIATION

Chairman Meekins commented the appropriations for alcohol and drug abuse have been relatively level for the last four years, and they have not even kept up with the rate of inflation. He commented the problems have not necessarily been with the ineffectiveness of the programs, but the Legislature has not made an effort to provide the necessary resources. He said funds have only been provided for treatment, and the Legislature has included very little money for education, research, etc. He explained that page 16 of the Report outlines the amount he intends to have included in the FY 81 appropriation. He said that \$4 9 million is to go into the supplemental appropriation so they can get programs underway this year, and that figure will not lapse at the end of the fiscal year.

Chairman Meekins said the figure appears to be a very large increase percentage-wise, but when the number one health problem in the State is alcoholism, he doesn't think it is a very high percentage. He commented on alcohol and alcohol-related problems. There was discussion on the appropriation.

Mr. Bob Coles, Office of Alcoholism and Drug Abuse commented that every region has put dealing with alcohol abuse as one of their top three priorities. He said there exists a grant-in-aid statute on the books to provide the mechanism for implementing a statewide alcohol program and regions are very familiar with that process. He commented on the dollars that have been spent on alcohol programs in the past, and said we should attend to the problem itself and not just the treatment of it.

Mr. Kelso said they are talking about a very comprehensive appropriation, and what they are trying to do is bring the level of battling with the problem of alcohol up to a level where they can deal with the problem. He said the structure

being put forth has no definite program or structure for all areas of the state. He said areas of the state will be able to prepare their own request for ways to deal with the problem in their particular area. He said there will not be a standard program.

There was discussion on how the appropriation will be distributed throughout the State, and how it will be used. Mr. Cole said there is \$8 million in the appropriation, mostly for treatment programs. He commented that most communities in the state don't even have Detox Centers they can use. He said a large portion of the treatment money will be for Rural Alaska requests that were made in the past when the didn't have funds available for them.

Representative Freeman said he thinks more emphasis should be in the education area where it could do some good. Chairman Meekins concurred, and said this appropriation is just a beginning step forward. He said \$600,000 was appropriated for the first time last year for the K-12 education program. There was brief discussion on that program.

Mr. Cole commented that about five years ago the age of a person going through the treatment program was 45 to 50. After passage of the three-days in jail for OMVI offenses law and because they are trying to work with the juvenile courts, of the 5600 who received services last year, over 50% were between the ages of 20 and 39. He said the persons they are reaching are not the cronic alcoholics, but those beginning to have problems. He commented the bulk of alcoholics are Caucasian male craftsmen between the ages of 20 to 39. There was brief discussion.

Mr. Kelso said that unless we have available alcohol treatment programs, we can't do the job well. He advised that page 2 of the report identifies the groups they will be trying to reach with all the programs.

Chairman Meekins thanked Mr. Cole and Mr. Kelso for testifying before the Committee.

Mr. Hogan introduced Mr. Wallace Miller who will be doing a capital budget analysis this year. He handed out copies of a Memo that was sent to the Finance Committee Chairmen last year outlining the reasons Mr. Miller was retained to provide these services.

CAPITAL
PROJECT
ANALYSIS

Mr. Miller presented background information on himself and his qualifications. He then presented Committee members with capital project analyses of the Subport building, employee housing, the Ketchikan jail complex, the Kasilof Hatchery modifications, and fire fighting. (See attachments.) There was brief discussion on each of these projects.

Mr. Hogan advised that Mr. Miller will be working out of the Legislative Finance Division offices if Committee members wish to meet with him.

The meeting adjourned at 3:15 p.m.

ADJOURN

Tape HFC 80-20, Side 1 #001 to end
Side 2 #001 to 790

SPECIAL EFFORTS IN RESPONSE TO
ALCOHOLISM & ALCOHOL ABUSE PROBLEMS

Representative Russ Meekins
Chairman, House Finance Committee

TABLE OF CONTENTS

<u>SUBJECT</u>	<u>PAGE</u>
Policy Statement	1
Basis For Special Efforts	2
Description of Comprehensive Services By Component:	
Manpower Training	3
Prevention Programs	4
Treatment	
Emergency Care	6
Inpatient-residential Care	7
Intermediate Care	8
Outpatient Care	9
Outreach	10
Aftercare	11
Community Responses To Alcohol Problems	12
Program Outcome Evaluation	13
Research	14
Management - Administration	15
Regional Distribution For Proposed Funding	16
Health Systems Agencies & Subareas	17

POLICY STATEMENT

The provisions of the Uniform Act* are reaffirmed. The nature and extent of alcoholism and alcohol abuse problems in the state require a broad-ranged comprehensive and intensive counteraction. Special attention is hereby directed to the rapid and intensive development of the full range of comprehensive alcoholism and alcohol services on a statewide basis which are equally available and accessible within the three primary health service regions of the state.

Single State Agency

The single state agency is directed to undertake special efforts during the next five years to develop and coordinate prevention, treatment, research and administrative programs that are commensurate with the high prevalence and incidence of alcohol problems in the state.

Special Consideration - Target Groups

Special emphasis should be given to assisting local communities develop more appropriate community responses to alcohol problems and to the development of effective prevention and treatment programs for alcoholism and alcohol abuse among younger employed males, women, persons under eighteen, Alaskan Natives and public inebriates.

Special Program Development

Special encouragement should be provided by the single state agency for: intervention programs for the criminal justice system, particularly alcohol screening and alternative sentencing for drunk drivers; intervention programs for the medical and mental health care delivery system; intervention programs for chronic public inebriates; intervention programs in work settings that include families of workers in addition to the worker; alcohol education programs for public school students; a mass media alcohol abuse prevention campaign; and a training process for the necessary manpower to operate and maintain programs.

Special encouragement should also be provided for systematic and continuous research to be conducted in Alaska regarding the nature and extent of adverse individual and social consequences of alcoholism and alcohol abuse, the individual's drinking attitudes and behavior, the distribution and availability of alcohol, and the setting in which it is used.

Program Evaluation

In order to monitor and evaluate the efforts of the single state agency, and the nature of community program responsiveness and effectiveness, including client treatment outcomes, a separate and independent evaluation effort will be conducted through the single state agency. This evaluation effort will exist on a continuing basis, due to the nature of this type of activity, and develop an efficient and effective management information system to regularly monitor program effectiveness, as well as the changes in the nature and extent of alcohol problems in the state, and will provide regular and periodic evaluation reports.

* The Uniform Alcoholism and Intoxication Treatment Act (A.S. 47.37.010-270)

MANPOWER TRAINING

Purpose

Pre-service and in-services preparation programs for the development and growth of staff for alcoholism and alcohol abuse program effort, consistent with professional standards and certification and/or licensing agencies

Target Groups

Potential alcohol treatment counselors for urban and rural programs and current program staff

Potential and current staff of rural programs-- primarily Native Alaskan clients

Professionals in related fields (teachers, nurses, social workers, mental health counselors, etc.)

Types of Programs

Counselor training program that provides necessary information and also provides credit for academic degrees and allows for professional advancement, and is consistent with professional standards and certification requirements (already developed -- waiting implementation)

Field based counselor training program integrated with primary counselor training program (described above)

Components of primary counselor training program

A certification review agency (committee of peers) a steering committee, and authority to operate

Budget Projection
FY 81

TOTAL:

\$500,000

*

Conducted in association with a rigorous evaluation program (See Evaluation Section)

-258-

3/3/80

CORRECTION

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

POLICY STATEMENT

The provisions of the Uniform Act* are reaffirmed. The nature and extent of alcoholism and alcohol abuse problems in the state require a broad-ranged comprehensive and intensive counteraction. Special attention is hereby directed to the rapid and intensive development of the full range of comprehensive alcoholism and alcohol services on a statewide basis which are equally available and accessible within the three primary health service regions of the state.

Single State Agency

The single state agency is directed to undertake special efforts during the next five years to develop and coordinate prevention, treatment, research and administrative programs that are commensurate with the high prevalence and incidence of alcohol problems in the state.

Special Consideration - Target Groups

Special emphasis should be given to assisting local communities develop more appropriate community responses to alcohol problems and to the development of effective prevention and treatment programs for alcoholism and alcohol abuse among younger employed males, women, persons under eighteen, Alaskan Natives and public inebriates.

Special Program Development

Special encouragement should be provided by the single state agency for: intervention programs for the criminal justice system, particularly alcohol screening and alternative sentencing for drunk drivers; intervention programs for the medical and mental health care delivery system; intervention programs for chronic public inebriates; intervention programs in work settings that include families of workers in addition to the worker; alcohol education programs for public school students; a mass media alcohol abuse prevention campaign; and a training process for the necessary manpower to operate and maintain programs.

Special encouragement should also be provided for systematic and continuous research to be conducted in Alaska regarding the nature and extent of adverse individual and social consequences of alcoholism and alcohol abuse, the individual's drinking attitudes and behavior, the distribution and availability of alcohol, and the setting in which it is used.

Program Evaluation

In order to monitor and evaluate the efforts of the single state agency, and the nature of community program responsiveness and effectiveness, including client treatment outcomes, a separate and independent evaluation effort will be conducted through the single state agency. This evaluation effort will exist on a continuing basis, due to the nature of this type of activity, and develop an efficient and effective management information system to regularly monitor program effectiveness, as well as the changes in the nature and extent of alcohol problems in the state, and will provide regular and periodic evaluation reports.

* The Uniform Alcoholism and Intoxication Treatment Act (A.S. 47.37.010-270)

**UNIFORM ALCOHOLISM AND INTOXICATION
TREATMENT ACT**

- Comprehensive alcoholism and alcohol abuse services statewide
- Comprehensive services available and accessible within each of the three main health service regions
- Individuals with alcoholism and alcohol abuse problems are not to be regarded as criminals, but afforded the full continuum of care for recovery
- A single state agency--the State Office on Alcoholism and Drug Abuse, shall coordinate and implement the provisions of the Uniform Act
- The single state agency shall administer funds to facilitate development of local community programs (grant-in-aid program)

STATE ADMINISTRATIVE CODE

Provides regulations and standards for the administration of the grant-in-aid program and operations of the local community programs

COMPREHENSIVE ALCOHOLISM SERVICES

MAJOR COMPONENTS:

- PROGRAM DEVELOPMENT
- COORDINATION
- TRAINING
- RESEARCH
- EVALUATION
- PREVENTION
 - Outreach
 - Education
 - Intervention
- TREATMENT
 - Emergency Care (detox)
 - Residential Care
 - Semi-residential Care
 - Outpatient Care
 - Aftercare

PRIMARY TARGET GROUPS

• GROUPS OF INDIVIDUALS

Males, employed, particularly craftsmen, 20-30 years old
Females, 30-49 years old
Youth, under 19 years old

• SOCIAL GROUPS

- Drinking drivers
- Misdemeanor offenders
- Rural Alaskan Natives
- Public school students
- Chronic public inebriates
- Incarcerated criminal offenders
- Troubled employees

• SOCIAL SYSTEMS

- Construction, transportation and trade occupations
- State employees
- Misdemeanor courts
- Public schools, K-12
- Medical and mental health services
- Jails

MANPOWER TRAINING

<u>Purpose</u>	<u>Target Groups</u>	<u>Types of Programs</u> *	<u>Budget Projection</u> <u>FY 81</u>
Pre-service and in-services preparation programs for the development and growth of staff for alcoholism and alcohol abuse program effort, consistent with professional standards and certification and/or licensing agencies	Potential alcohol treatment counselors for urban and rural programs and current program staff	Counselor training program that provides necessary information and also provides credit for academic degrees and allows for professional advancement, and is consistent with professional standards and certification requirements (already developed -- waiting implementation)	
	Potential and current staff of rural programs-- primarily Native Alaskan clients	Field based counselor training program integrated with primary counselor training program (described above)	
	Professionals in related fields (teachers, nurses, social workers, mental health counselors, etc.)	Components of primary counselor training program	
		A certification review agency (committee of peers) a steering committee, and authority to operate	
			TOTAL:
			\$500,000

*
Conducted in association with a rigorous evaluation program (See Evaluation Section)

PREVENTION

<u>Purpose</u>	<u>Target Groups</u>	<u>Types of Programs*</u>	<u>Budget Projection FY 81</u>
Reduce incidence of alcoholism and alcohol abuse problems	General population	Mass Medial Campaign (TV, radio, print) that is multi-lingual and provided in each health service region	\$ 500,000
More Specific Purposes			
Increase awareness of problems, individual and social consequences, and responsible individual and social responses	Public school students	Implementation of alcohol education curriculum in grades K-12 in schools in each health service region	670,000
		Special Projects: Experimental unique approaches developed for implementation at statewide, regional, or local community level	500,000
* Conducted only in association with a rigorous evaluation program (See Evaluation Section)			TOTAL: \$1,670,000

INTERVENTION PROGRAMS

<u>Purpose</u>	<u>Target Groups</u>	<u>Types of Programs</u> *	<u>Budget Projection</u> <u>FY 81</u>
To facilitate early identification of persons and their families, within designated target populations, who have problems related to the use of alcohol, to facilitate obtaining the appropriate alcoholism services, and to inform and assist all public and private agencies that deal with the target populations.	Troubled employees:	Occupational Employee Assistance programs-- identification, information referral services provided in the work setting. Initial development would be three regional programs for state workers	\$ 200,000
	Initial emphasis on State government employees and workers in the construction, trade, and transportation industries		
	Convicted drunk drivers	Court referral of convicted offenders for screening and referral and monitoring for alcohol treatment (ASAP) in major urban areas in each service region	450,000
	Misdemeanor Court Offenders	Court referral of convicted offenders for screening and referral and monitoring for alcohol treatment in "rural-cities" in each service region (5-8 programs)	350,000
	Public Inebriates	Health care maintenance street facility to reduce adverse consequences of lifestyle and encourage treatment and recovery. Conduct initial demonstration program in Anchorage and Fairbanks.	450,000
* Conducted in association with rigorous evaluation program (See Evaluation Section)			TOTAL: \$1,450,000