

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2707

TREATMENT

<u>Purpose</u>	<u>Target Groups</u>	<u>Types of Programs</u> *	<u>Budget Projection</u> <u>FY 81</u>
Prompt identification, evaluation and treatment of persons who have problems related to the use of alcohol, to increase the person's level of functioning			
Emergency Care			
A network of services that provides all persons having serious and immediate problems related to alcohol use and abuse immediate diagnosis and care, as well as appropriate referral for continuing care.	Persons with immediate and serious problems (will also help relieve present burden on police)	Emergency Service Patrols in major urban areas and in "rural-cities" in each of the health service regions Non-medical detoxification programs in the "rural-cities" of each of the health service regions Intake units for identification, evaluation and treatment referral	
			TOTAL:
			\$1,600,000
* Conducted in association with a rigorous evaluation program (See Evaluation Section)			

TREATMENT (Continued)

Purpose

Target Groups

Types of Programs *

Budget Projection
FY 81

Inpatient-residential
Care

The process of providing care to persons who require 24-hour supervision in a hospital or suitably equipped medical setting as a result of acute or chronic medical and/or psychiatric illnesses associated with alcohol abuse and/or alcoholism.

Persons with problems related to alcohol use who require 24-hour supervision and support, for short and long terms, and in particular, women and youth.

Non-hospital based short and long term residential care in each of the three regions with separate programs/facilities for women and youths.

Hospital based short and long term residential care, in each of the health service regions

Trained inpatient counselors

TOTAL:

\$750,000

*

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

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TREATMENT (Continued)

Purpose

Target Groups

Types of Programs *

Budget Projection
FY 81

Intermediate Care

The process of providing care to persons in a full 24-hour residential therapy setting or a partial (less than 24 hours) residential setting.

Persons who have completed residential care programs and need a supervised and supportive environment during their experience of reentering normal social interactions (to avoid falling back into former troublesome patterns of behavior) Particular emphasis on persons who:

- completed inpatient treatment
- criminal offenders on probation/parole
- released youthful offenders
- have a serious problem but are still employed, and need more supervision and support than provided in outpatient care

Persons significantly disabled by long term problems with alcohol

Separate intermediate care facilities -- halfway houses in the "rural-cities" in each of the health service regions

Separate halfway houses for women, youth and Alaskan Natives in the major urban areas in each of the health service regions of the state

Trained counselors, particularly suited to work with women, youth and Alaskan Natives

A very long term, non-medical, custodial care facility.

\$ 500,000

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

TOTAL:

\$1,250,000

TREATMENT (Continued)

Purpose

Target Groups

Types of Programs *

Budget Projection
FY 81

Outpatient Care

The process of providing nonresidential diagnostic and alcoholism treatment on both a scheduled and non-scheduled basis

Persons whose problems with alcohol do not require 24-hour attention--the great majority of persons identified early through intervention programs, such as troubled employee programs, drunk driver screening and referral programs (ASAP's), misdemeanor court referral programs, etc.

Outpatient alcohol counseling programs and trained outpatient counselors in all major urban areas, and in each of the "rural-cities" in each health service region of the state, and in additional locations determined by geography and population concentration to warrant services to be more available and accessible.

Persons with alcohol problems who are:

- in jail
- youthful offenders (McLaughlin Youth Center)
- persons on probation or parole
- convicted drunk drivers
- youth (under 18)
- employees or family members of employees

More trained outpatient counselors

Patients, clients in other care facilities--hospitals, nursing homes, pioneer homes, etc.

More trained outpatient counselors

TOTAL:

\$1,500,000

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

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TREATMENT (continued)

Purpose

Groups

Types of Programs*

Budget Projection
FY 81

Outreach

The process of reaching into a community systematically for purpose of identifying persons in need of services, alerting persons and their families to the availability of services, locating needed services and enabling persons to enter and accept the service delivery system

School age children

Alcohol specific education in public schools including films, lectures, and discussions

Alcohol and prescription drug abusing women

Alcohol/prescription drug information and education to existing women's groups. Community based small and individual contacts.

Families of alcoholic persons

General population

Presentative on alcohol and prescription drugs with civic groups and service clubs and dissemination of printed materials in communities

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

TOTAL:

\$1,200,000

TREATMENT (Continued)

Purpose

Target Groups

Types of Programs *

Budget Projection
FY 81

Aftercare

The process of providing continued contact which will support and increase the gains made during the treatment process

All persons who have completed some form of alcoholism or alcohol abuse treatment

Post treatment activities and program staff to maintain contact and communication with clients through personal visits, telephone calls, aftercare self-help groups, and routine and periodic follow-up checking procedures and surveys

*

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

TOTAL:

\$500,000

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PREVENTION/INTERVENTION/TREATMENT

<u>Purpose</u>	<u>Target Groups</u>	<u>Types of Programs*</u>	<u>Budget Projection FY 81</u>
Community Responses to Alcohol Problems			
To provide local communities an open ended opportunity to experiment with alternative approaches to problems related to alcoholism and alcohol abuse.	Local communities, primarily smaller cities and rural villages.	Experimental programs that local communities can devise and support as potentially useful. Examples: • law enforcement diversion programs • accident prevention programs • recreational and cultural alternatives • integration of delivery of social services • community school programs	
			TOTAL:
* Conducted in association with a rigorous evaluation program (See Evaluation Section)			\$1,500,000

PROGRAM OUTCOME EVALUATION

Purpose

To provide regular and routine monitoring and evaluation of funded alcoholism and alcohol abuse programs based on a management information system that includes data on program operations, fiscal matters, client outcomes, and societal measures of nature and extent of alcohol problems in the state

Such information would be reported periodically and regularly and include cost-efficiency and cost effectiveness measures for use in decision making on future program planning and funding.

Target Groups

Program efforts and activities of the single state agency, and all programs funded by it --

- education
- information
- intervention
- occupational
- court
- public inebriate
- training
- treatment
- research

Types of Programs

The establishment of a separate agency, independent of the single state agency, but working in conjunction with it, to operate on a continuous basis, but through the contract/grant process.

Budget Projection
FY 81

TOTAL:

\$750,000

RESEARCH

Purpose

To investigate alcoholism and alcohol abuse problems of particular interest to the state, in a scientifically valid and reliable manner, and generate and disseminate the findings

Target Groups

Research Topics:
(suggested)

- the nature and extent of individual and social adverse consequences of alcoholism and alcohol abuse
- individual drinking attitudes and behavior
- the distribution and availability of alcohol in relation to alcohol problems
- the setting in which alcohol is used in relation to alcohol problems

Particular emphasis should also be given to differences in relation to geography, sex, age, and ethnicity

Types of Programs

A program of grants and contracts to fund and monitor systematic and continuous research efforts

Budget Projection
FY 81

TOTAL:

\$500,000

*

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

MANAGEMENT - ADMINISTRATION

Purpose

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As the single state agency designated in the Uniform Act, to provide planning, policy and program development to coordinated programs, administer the grant-in-aid program and maintain fiscal accountability

Target Groups

(N/A)

Types of Programs *

A central office, and a regional office in each health service region, and additional staff, and stability in location of offices and staff positions for the next five years -- to be able to effectively administer the potentially larger than usual funding and to provide the necessary short term intensive assistance for local program response for rapid program development, and to effectively administer multiple special demonstration programs.

The formation of an independent program evaluation and monitoring agency. (See Evaluation Section)

Budget Projection
FY 81

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*

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

TOTAL:

\$1,600,000

ESTIMATED TOTAL PROPOSED FUNDING FOR ALCOHOLISM
AND ALCOHOL ABUSE SERVICES FOR FY 81
AND ESTIMATED REGIONAL DISTRIBUTION
(In Hundreds of Thousands of Dollars)

ALCOHOL SERVICES COMPONENT	TOTAL	HEALTH SERVICE REGIONS ^a			
		STATEWIDE	SOUTHEAST	SOUTHCENTRAL	NORTHERN
TREATMENT	7,300		1,020	4,352	1,428
Emergency Care	1,600		240	1024	336
Inpatient Care	750		112.5	480	157.5
Intermediate Care	1,250		187.5	800	262.5
Long-term Care	500	500	-	-	-
Outpatient Care	1,500		225	960	315
Outreach	1,200		180	768	252
Aftercare	500		15	320	105
INTERVENTION	1,450		180	855	415
Occupational	200		60	70	70
Drunk Drivers*	450		60	315	75
Misdemeanor Offenders	350		60	220	70
Public Inebriates	450		-	250	200
Corrections	**				
PREVENTION	3,170		150	900	450
Education (K-12)	670	670			
Special Projects	500	500			
Public Education (Mass Media)	500	500			
Community Responses (Rural)	1,500		150	900	450
ADMINISTRATION	1,600	1,600			
TRAINING	500	500			
EVALUATION	750	750			
RESEARCH	500	500			
TOTALS	15,270	5,520	1,300	6,157	2,293

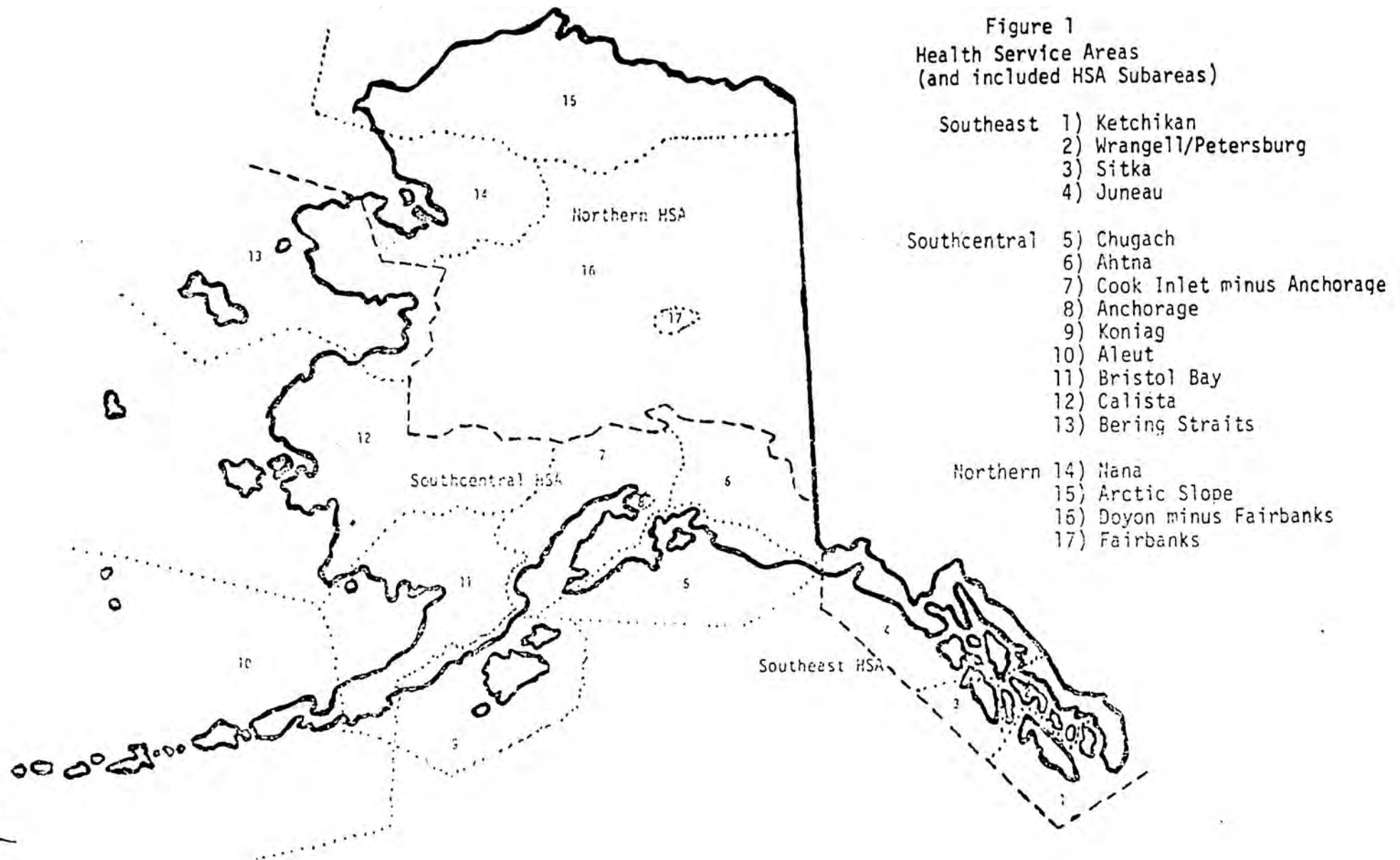
* Direct Appropriation to Alaska Highway Safety Planning Agency,
Department of Public Safety

** Included in Outpatient Services

^a See map of Health Service Regions

Health Systems Agencies and Health Systems Agencies Subareas

Figure 1
Health Service Areas
(and included HSA Subareas)



STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W-ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH W-STATE CAPITOL

JUNEAU, ALASKA 99811

November 28, 1979

MEMORANDUM

TO: John Sackett, Chairman
Senate Finance Committee

Russ Meekins, Chairman
House Finance Committee

FROM: J. H. Hogan, Director
Legislative Finance Division

SUBJECT: Capital Projects

Capital projects have been a recurring concern of the Legislature--witness last year's House Finance Committee effort to budget all CIP positions and thereby gain greater control of administrative overhead costs of capital projects, and the Senate and House Finance Committees' joint concern with shifting funds from the FY 80 operating budget to the capital budget in an effort to shore up the State's economy. Last but not least, several years ago the Legislature established a capital projects planning position in Legislative Finance, but due to a variety of circumstances, that position was never filled.

To meet the following requirements:

1. To assist in the selection of capital projects for appropriation from along competing capital project requests;
2. To identify proposed capital projects having the most/least local or in-state economic benefit; and
3. To analyze and make recommendations for improving the State's existing capital projects budgeting system

I propose to use funds already appropriated in our budget to retain Wallace G. Miller of Miller & Associates to provide the services suggested in the attached letter of October 26. Wally Miller is well qualified to assist in this year's struggle

Senator Sackett
Representative Meekins

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with the budget for capital projects. Prior to formation of his own firm in 1975, he was for many years the Governor's budget director for the State of Washington. He is currently involved in two Alaskan governmental contracts due for completion in December: (1) the preparation of a system to automate the production of budget detail information (the red books) for the Division of Budget & Management and (2) the preparation of a comprehensive plan for the Aquaculture Planning Study Group, headed by Terry Gardiner. Therefore, I think he is well qualified to work with both the Legislature and the Administration on the development of an improved system for the budgeting of capital projects in Alaska.

JHH:pw

Enclosures

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

February 11, 1980

MEMORANDUM

TO: J. H. Hogan, Director
Legislative Finance Division

FROM: Wallace G. Miller, President
Miller & Associates, Inc. 

SUBJECT: Capital Project Analysis - Subport Building

This memorandum and attached alternatives provides an analysis of the proposed project to upgrade the Subport building contained in the FY 1980 Supplemental Capital Budget. (HB 558)

Project Description

\$149.5 has been requested in the 1980 Supplemental Budget for electrical, ventilation heating, fire protection and other improvements to the Subport building.

Project Analysis

In addition to the \$149.5 requested in the supplemental budget, an additional \$225.0 has been previously appropriated for a total expenditure this year of \$374.5 for improvements to the building.

The objective of this analysis is to evaluate whether it is economically feasible to continue to expend substantial amounts of state funds in a piece-meal fashion on a 40 year old warehouse.

The Subport Building is a 66,000 square foot warehouse which has a concrete floor and timber truss roof. The building was constructed in 1940.

Five state agencies occupy space in the building. The occupants and space usage are:

	<u>Square Feet</u>
ADF & G	
Office Space	14,240
Storage & Boat Maintenance	14,530
Marine Transportation	
Office & Warehouse Storage	8,100
Dept. of Administration	
Dry Paper Storage and Surplus Property	9,240
Dept. of Natural Resources	
Storage	1,380
Military Affairs	
Vehicle Storage Maintenance Shop	14,400
Central Access	<u>3,940</u>
TOTAL	65,830

In a recent survey of the building, the firm of Ackley and Associates characterized the general condition of the facility as follows:

The Support Building is old, but due to extensive remodeling, still serviceable. Some foundation settlement is apparent and some areas need extensive cleaning. Handicap access is poor. Fire/life safety is hazardous. Although the building is sprinklered, there is no alarm system to warn the occupants. Occupancy separation is non-existent. Electrical service and interior wiring is poor. Mechanical systems are wasting energy and supply virtually no ventilation to office areas. To renovate this building would require considerable expenditure. The continuance of mixed uses within a building of this style and age has questionable merit.
(Emphasis supplied by underlining)

In addition to these problems, noxious fumes from engines operated in the building occasionally enter the office area creating unsatisfactory working conditions; roof leaks have resulted in some water damage and work disruptions; high winds have on two separate occasions knocked down ceiling tiles and required extensive clean-up.

Project Alternatives

The basic question to be resolved is what the state wishes to do with the Subport Building and correspondingly, what alternatives should be considered to meet the space needs of the occupants of the building.

Four alternative courses of action appear to be feasible. Each of these four alternatives are individually described on a proposed Capital Budget Project, Form 35a attached to this memorandum. Briefly, the four alternatives considered in this analysis and their cost are:

Estimated Cost

Alternative #1 - Minimum Standards

Under this alternative improvements would be made to the electrical, heating ventilation, fire protection systems as well as other improvements necessary to bring the building up to minimum health, fire and safety standards. No office space renovation is included. \$1,000.0

Alternative #2 - Complete Subport Renovation

In addition to the improvements described in Alternative #1, the present ADF&G office space would be renovated. The space now occupied by Marine Transportation would be renovated when Marine Transportation moves into their new facility for which \$1.5 million has already been appropriated. The ADF&G Division of Administration and computer operations would be moved out of their present leased space into the space vacated by Marine Transportation. Military Affairs space would be renovated and a combined Military Affairs/ ADF&G vessel maintenance shop would be located at the site. \$4-5,000.0

Alternative #3 Limited New Facilities

Under this alternative, the proposed and already authorized \$374.5 for improvements to the building would be either rescinded or not enacted, and a new budget request would be developed to provide for emergency repairs to the Subport building until it is vacated. The present building would be demolished and the site used for a new armory, should Military Affairs be required to move, as well as a combined vessel maintenance facility and for state employee parking. ADF&G state offices would be housed in a new, purchased or leased 33,000 sq. ft. facility. \$6,300.0

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Estimated Cost

Alternative #4 - Complete New Facilities

This alternative is the same as Alternative #3, but would add additional purchased or leased space to house ADF&G regional personnel in the same facilities complex as the state offices.

\$11-12,000.0

Comments Regarding Alternatives

ALTERNATIVE #1 - MINIMUM STANDARDS

Advantages

- (a) It identifies the lowest cost which must be incurred to meet minimum health, safety and fire standards.

Disadvantages

- (a) It would continue the mixed use of the Support building as office space and a vehicle maintenance facility which creates health, safety and fire hazards.
- (b) Realistically, over the next 5-10 years piece-meal renovations will likely occur which will increase the cost of this alternative to \$2-3 million.

ALTERNATIVE #2 - COMPLETE SUPPORT RENOVATION

Advantages

- (a) Somewhat lower initial investment than constructing new facilities.
- (b) Would allow all elements of ADF&G to be housed in the same building.
- (c) Would provide a joint Military Affairs/ADF&G vessel maintenance shop.

Disadvantages

- (a) Continues the mixed use of the building as office space and a vehicle maintenance facility which creates health, safety and fire hazards.
- (b) There is relatively little value to the present structure; the concrete floor may require re-surfacing; the roof must be replaced; and the 30 foot high ceiling will continue to cause energy to be wasted.

ALTERNATIVE #3 - LIMITED NEW FACILITIES

Advantages

- (a) This alternative is designed to be responsive to the space needs of a variety of state agencies, as well as the city, with work-efficient facilities which will have a longer useful life to the state.

Disadvantages

- (a) Requires a slightly higher initial investment than Alternative #2.

ALTERNATIVE #4 - COMPLETE NEW FACILITIES

Advantages

- (a) Would provide new facilities for ADF&G regional staff which are currently housed in leased space.

Disadvantages

- (a) A substantially greater initial investment would be required without an apparent corresponding increase in benefits.

PROJECT TITLE Bring Subport Building to Minimum Standards		LOCATION(S) Juneau		AREA SERVED Statewide		ELECTION DISTRICT(S) 4C		
OBJ. NO(S)	OPERATING BUDGET BRU(S)	NAME(S)	BUDGET COMPONENT NUMBERS		START DATE	COMPLETION DATE		
PROJECT NARRATIVE <u>ALTERNATIVE #1 - MINIMUM STANDARDS</u> The objective of this alternative would be to make improvements to the electrical, heating ventilation, fire protection systems necessary to bring the Subport building up to minimum health, safety and fire standards. A new roof would be added to eliminate the water damage and work disruption caused by current roof leaks. Under this alternative no renovation would be made to existing substandard office space. No provisions are included for renovating the area to be vacated by Marine Transportation into office space for ADF&G employees housed in leased facilities.			PROJECT TYPE ☐ Building Construction (C) ☒ Other Improvement (I) ☐ Equipment (E) ☐ Land (L) ☐ Professional Services (P) ☐ Other (O)		APPROPRIATION REQUEST			
					1002	FED. RCPTS.		
					1003	G/F MATCH		
					1004	GEN. FUND		
					1005	I/A RCPTS.		
						G.O. BONDS		
					TOTAL		1,000.0	
					PROJECT CHARACTERISTICS ☐ Totally New Facility ☐ Addition to Existing Facility ☐ Renovation of Existing Facility ☐ Major Maintenance or Repair ☐ Supplement Previously Authorized Funds to Enable Completion ☐ One of Several Phases ☐ Major External Funding Source ☐ Other		PROJECT PURPOSES ☐ Protect Human Health & Safety ☐ Protect Capital Assets ☐ Protect Natural Resources or Natural Environment ☐ Improve Efficiency & Economy of State Government ☐ Improve Services or Accommodate Increased Demand for Services ☐ Accommodate New Program Requirements ☐ Respond to Legal or Policy Mandate ☐ Improve Efficiency & Economy of Alaskan Infrastructure ☐ Other	
SITE FEATURES NO YES ☐ ☒ Site Currently Owned? ☐ ☒ All Utilities Available? ☐ ☒ Access Already Available?								
OPERATIONAL COST & NO. PERSONNEL INCREASE (DECREASE)		FIRST OPERATING YEAR _____	ULTIMATE ANNUAL YEAR _____	PREVIOUS YR-PRIORITY				
FUNDING SOURCE	FED. RCPTS.			AGENCY PRIORITY				
	GEN. FUND							
TOTAL ANNUAL OPERATIONAL COST				GOVERNOR'S PRIORITY				
POSITION (FTE)								

CATEGORY _____ AGENCY _____ PROGRAM _____

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PROJECT TITLE Complete Subport Renovation		LOCATION(S) Juneau		AREA SERVED Statewide		ELECTION DISTRICT(S) 4C			
OBJ. NO(S)	OPERATING BUDGET BRU(S)	NAME(S)	BUDGET COMPONENT NUMBERS		START DATE	COMPLETION DATE			
PROJECT NARRATIVE <u>ALTERNATIVE #2 - COMPLETE SUBPORT RENOVATION</u> In addition to the work proposed in Alternative #1, the present ADF&G office space would be renovated. The 8100 sq. ft. of area now occupied by Marine Transportation would also be renovated to house the Administrative Division and Computer Operations of ADF&G. The building would be fully insulated with upper story enclosed to meet fire codes and to reduce building energy consumption. The Military Affairs area would be renovated to provide a vehicle exhaust ventilation system and a new joint (Military Affairs/ADF&G) marine vessel repair facility, dock and haul-out system would be added to the site. Military Affairs has proposed \$568.5 federal and \$160.6 state funds for the repair facility, dock and haul-out system. State funds (roughly estimated at \$250.0 is included to cover the costs associated with ADF&G's share of the joint vessel maintenance facility.)			PROJECT TYPE ☐ Building Construction (C) ☒ Other Improvement (I) ☐ Equipment (E) ☐ Land (L) ☐ Professional Services (P) ☐ Other (O)		APPROPRIATION REQUEST				
					1002	FED. RCPTS.			
					1003	G/F MATCH			
					1004	GEN. FUND			
					1005	I/A RCPTS.			
						G.O. BONDS			
							TOTAL \$4,000	0-5,000.0	
PROJECT CHARACTERISTICS ☐ Totally New Facility ☐ Addition to Existing Facility ☒ Renovation of Existing Facility ☐ Major Maintenance or Repair ☐ Supplement Previously Authorized Funds to Enable Completion ☐ One of Several Phases ☐ Major External Funding Source ☐ Other		PROJECT PURPOSES ☐ Protect Human Health & Safety ☐ Protect Capital Assets ☐ Protect Natural Resources or Natural Environment ☐ Improve Efficiency & Economy of State Government ☐ Improve Services or Accommodate Increased Demand for Services ☐ Accommodate New Program Requirements ☐ Respond to Legal or Policy Mandate ☐ Improve Efficiency & Economy of Alaskan Infrastructure ☐ Other							
				SITE FEATURES NO YES ☐ ☒ Site Currently Owned? ☐ ☒ All Utilities Available? ☐ ☒ Access Already Available?					
				OPERATIONAL COST & NO. PERSONNEL INCREASE (DECREASE)		FIRST OPERATING YEAR _____	ULTIMATE ANNUAL YEAR _____	PREVIOUS YR-PRIORITY	
				FUNDING SOURCE	FED. RCPTS.				AGENCY PRIORITY
					GEN. FUND				
				TOTAL ANNUAL OPERATIONAL COST					GOVERNOR'S PRIORITY
				POSITION (FTE)					

CATEGORY _____ AGENCY _____ PROGRAM _____

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3/3/80

PROJECT TITLE Construct Subport Replacement Facility		LOCATION(S) Juneau		AREA SERVED Statewide		ELECTION DISTRICT(S) 4C						
OBJ. NO(S)	OPERATING BUDGET BRU(S)	NAME(S)		BUDGET COMPONENT NUMBERS		START DATE	COMPLETION DATE					
PROJECT NARRATIVE <u>ALTERNATIVE #3 - LIMITED NEW FACILITIES</u> A. Rescinding existing appropriations (allocations) and not enacting proposed appropriations which total \$374.5. Instead a new budget request could be developed to provide emergency repairs to the Subport building while it is occupied, and an amount necessary for the demolition of the building. (estimated cost \$125.0) B. Moving Marine Transportation into a new warehouse for which funds have already been appropriated. C. Moving ADF&G (state offices) into a new purchased or leased facility (approximately 33,000 sq. ft.). It is estimated this facility would cost \$6.0 million. ADF&G regional offices would remain in currently leased space. (current lease expires in 1984) D. Demolish the Subport Building. E. Depending upon whether the city requires the Dept. of Military Affairs to move out of the present armory, use the Subport site as the site for the new armory and joint usage vessel repair facility. This alternative is based upon the assumption that if the city requires the present armory site for the proposed convention center, the new armory would be constructed at no cost to the state.				PROJECT TYPE ☒ Building Construction (C) ☐ Other Improvement (I) ☐ Equipment (E) ☐ Land (L) ☐ Professional Services (P) ☐ Other (O)		APPROPRIATION REQUEST						
						1002	FED. RCPTS.					
						1003	G/F MATCH					
						1004	GEN. FUND					
						1005	I/A RCPTS.					
		G.O. BONDS										
		TOTAL		\$6,300.0								
PROJECT CHARACTERISTICS ☒ Totally New Facility ☐ Addition to Existing Facility ☐ Renovation of Existing Facility ☐ Major Maintenance or Repair ☐ Supplement Previously Authorized Funds to Enable Completion ☐ One of Several Phases ☐ Major External Funding Source ☐ Other				PROJECT PURPOSES ☐ Protect Human Health & Safety ☐ Protect Capital Assets ☐ Protect Natural Resources or Natural Environment ☐ Improve Efficiency & Economy of State Government ☐ Improve Services or Accommodate Increased Demand for Services ☐ Accommodate New Program Requirements ☐ Respond to Legal or Policy Mandate ☐ Improve Efficiency & Economy of Alaskan Infrastructure ☐ Other								
								SITE FEATURES NO YES ☐ ☐ Site Currently Owned? ☐ ☐ All Utilities Available? ☐ ☐ Access Already Available?				
								OPERATIONAL COST & NO. PERSONNEL INCREASE (DECREASE)		FIRST OPERATING YEAR _____	ULTIMATE ANNUAL YEAR _____	PREVIOUS YR-PRIORITY
								FUNDING SOURCE	FED. RCPTS.			AGENCY PRIORITY
									GEN. FUND			
TOTAL ANNUAL OPERATIONAL COST				GOVERNOR'S PRIORITY								
POSITION (FTE)												

CATEGORY _____ AGENCY _____ PROGRAM _____

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01-1035 (7/79)

PROPOSED CAPITAL PROJECT

REVISÉ
DATE

PROJECT TITLE Construct Subport Replacement Facility		LOCATION(S) Juneau		AREA SERVED Statewide		ELECTION DISTRICT(S) 4C				
OBJ. NO(S)	OPERATING BUDGET BRU(S)	NAME(S)	BUDGET COMPONENT NUMBERS		START DATE	COMPLETION DATE				
PROJECT NARRATIVE ALTERNATIVE #4 - COMPLETE NEW FACILITIES This alternative is the same as Alternative 3, but would add additional purchased or leased space to house ADF&G regional facilities in the same facilities complex as the state offices. Currently the regional offices are housed in leased space in the Marine View Apartments. The lease expires in 1984. It is estimated that this alternative would add \$5 to 6 million in cash to Alternative #3 thus bringing the total cost of this alternative to \$11 to 12 million.			PROJECT TYPE ☒ Building Construction (C) ☐ Other Improvement (I) ☐ Equipment (E) ☐ Land (L) ☐ Professional Services (P) ☐ Other (O)		APPROPRIATION REQUEST					
					1002	FED. RCPTS.				
					1003	G/F MATCH				
					1004	GEN. FUND				
					1005	I/A RCPTS.				
						G.O. BONDS				
PROJECT CHARACTERISTICS ☒ Totally New Facility ☐ Addition to Existing Facility ☐ Renovation of Existing Facility ☐ Major Maintenance or Repair ☐ Supplement Previously Authorized Funds to Enable Completion ☐ One of Several Phases ☐ Major External Funding Source ☐ Other		PROJECT PURPOSES ☐ Protect Human Health & Safety ☐ Protect Capital Assets ☐ Protect Natural Resources or Natural Environment ☐ Improve Efficiency & Economy of State Government ☐ Improve Services or Accommodate Increased Demand for Services ☐ Accommodate New Program Requirements ☐ Respond to Legal or Policy Mandate ☐ Improve Efficiency & Economy of Alaskan Infrastructure ☐ Other		TOTAL \$11,000.0-12,000.0						
						NO YES SITE FEATURES ☐ ☐ Site Currently Owned? ☐ ☐ All Utilities Available? ☐ ☐ Access Already Available?				
						OPERATIONAL COST & NO. PERSONNEL INCREASE (DECREASE)		FIRST OPERATING YEAR _____	ULTIMATE ANNUAL YEAR _____	PREVIOUS YR-PRIORITY
						FUNDING SOURCE	FED. RCPTS.			AGENCY PRIORITY
							GEN. FUND			
TOTAL ANNUAL OPERATIONAL COST				GOVERNOR'S PRIORITY						
POSITION (FTE)										

CATEGORY _____ AGENCY _____ PROGRAM _____

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3/3/80

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

February 14, 1980

MEMORANDUM

TO: J. H. Hogan, Director
Legislative Finance Division

FROM: Wallace Miller, President
Miller & Associates, Inc. *WMM*

SUBJECT: Capital Project Analysis - Employee Housing

This memorandum and attached alternatives provides an analysis of the proposed project for state employee Housing Renovation and Replacement. (HB 558)

Project Description

\$1,931.0 has been requested in the FY 80 Supplemental Capital Budget to provide for the renovation of 69 state employee housing units (\$681.0) and to begin the replacement of 20 substandard housing units (\$1,250.0). The total cost of replacing the 20 housing units is estimated to cost \$3,250.0.

Project Analysis

Currently the Department of Administration, Division of General Services and Supply manages 384 state housing units and trailer pads. Plans are underway to dispose of 83 units, leaving available 215 housing units and 86 trailer pads.

The following diagram depicts the Department's plan for replacing, refurbishing and disposition of the employee housing units.

	HOUSING UNITS			
	Poor	Fair	Good	Total
Current Inventory	52	69	94	215
Replacement	-18	-2	+20	-0-
Renovate	-10	-59	+69	-0-
Dispose	-24	-8	-5	-37
Subtotal	-0-	-0-	178	178
New Acquisitions	-	-	28	28
TOTAL	-0-	-0-	206	206

As indicated in the diagram, through replacement, renovation and disposal, the plan will enable the state to eliminate all housing units categorized as poor or fair.

There are five significant issues in the plan, each of which have a budgetary impact and should be resolved as a part of the decision to upgrade employee housing.

1. The average unit cash of \$162,500 for the 20 replacement housing units is grossly excessive.
2. Given the proposed plan to upgrade employee housing, the department should charge a fair market rent for the housing units.
3. Currently state departments have no incentive to eliminate unnecessary housing units.
4. State departments can independently construct new employee housing which does not conform to an employee housing standard and then simply have the Department of Administration manage the property. This practice will continue discrimination in employee housing.
5. An effective means must be established to reduce damage caused by employees to the housing as well as provide for the maintenance and upkeep of the units.

Project Alternative

The following alternative plan for providing state employee housing has been developed to overcome the five significant issues associated with the current plan.

- A. Authorize the Division of General Services and Supply to directly procure employee housing, either pre-fabricated or site constructed. This will enable the unit cost to be reduced from the proposed \$162,500 to \$100,000 and effect a program savings of \$1,250,000.
- B. Authorize the Division to develop and implement a fair market rent plan based upon comparable private sector facilities once the state facilities are brought up to good condition. (I understand that rent is now subject to negotiation and may not be implementable until a new contract is negotiated.) Employees should further be required to pay all utility costs.

- C. Establish a full rental plan which requires state agencies to pay the rent on vacant state housing units. This will provide some incentive to the departments to eliminate unnecessary housing.
- C. The Division should be the only state agency authorized to construct employee housing. Without such an authorization it will be virtually impossible to establish and maintain a uniform, standard employee housing program.
- E. The Division should develop a "handyman agreement" which would compensate employees for performing routine maintenance such as painting, making minor repairs and similar work.

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BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

MEMORANDUM

DATE: February 22, 1980

TO: J.H. Hogan, Director
Legislative Finance Division

FROM: Wallace G. Miller, President
Miller and Associates, Inc. 

SUBJECT: Capital Project Analysis - Ketchikan Jail Completion

Project Description

\$949.3 has been requested in the FY 80 Supplemental Capital Budget to provide additional funding to complete the planned Ketchikan Jail.

Project Analysis

Voters approved General Obligation Bonds in the amount of \$1,992,700 to construct a 28-bed jail in Ketchikan.

Gruzen and Partners originally estimated the cost to be \$1,599,000. This amount, however, was based upon national average construction costs, rather than Alaska construction costs, an inflation rate of 6 1/2% per year and upon the assumption that land for the jail would be available at no cost. The \$400,000 increase in the amount of the General Obligation Bonds, over the original estimate, is thought to reflect higher administrative costs and provide for a higher level of inflation.

The Division of Corrections has requested \$949.3 to supplement the bond funds to complete the facility.

Currently, the Division has been advised by the Department of Transportation and Public Facilities that the \$949.3 is insufficient and an additional \$522.0 will be required to complete the facility as currently planned.

Finally, since a site for the jail has not been selected, additional funds for land and site development could be required to complete the facility. The site selection will not be made for several weeks; consequently, any financial impact from this action will likely not be available for inclusion in the FY 80 Supplemental Capital Budget.

In summary, the following is a history of the cost estimates related to the Ketchikan Jail:

Date of Estimate

Mar 1978	Gruzen and Partners original estimate	\$1,599,000
Nov 1978 1980	Amount in General Obligation Bonds	1,992,700
Sep 1979	Total cost including supplemental request	2,942,000
Feb 1980	Total cost including current shortage	3,464,000
Mar 1980	Total cost including effect of site	?

Project Alternatives

Two alternatives appear to be feasible:

First, the Legislature could appropriate funds for the supplemental request (\$949.3) plus the current shortage (\$522.0) and provide any additional funds associated with the choice of the site in the FY 1981 Capital Budget.

Secondly, the Legislature could defer acting on the request in the FY 80 Supplemental Capital Budget and include the project in the FY 1981 Capital Budget. This would allow DOT/PF and the Division of Corrections to select a site and provide complete estimates of the total cost of the project to the Legislature.

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JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

MEMORANDUM

DATE: February 22, 1980

TO: J.H. Hogan, Director
Legislative Finance Division

FROM: Wallace G. Miller, President
Miller and Associates, Inc. *WGM*

SUBJECT: Capital Project Analysis - Kasilof Hatchery
Modifications

Project Description

The request is for \$875.0 which will increase the capacity of the facility from 10 million to 20 million sockeye eggs being incubated, as well as provide an egg-take holding area for adult king salmon.

In addition to the \$875.0, the Department of Fish and Game requested \$220.0 for two houses at the Kasilof Hatchery for hatchery employees. The \$220.0 was not included in the Executive Budget Request.

Project Analysis

The proposed hatchery expansion is similar to actions being taken in other states to increase salmon production. It is often more cost effective to expand existing facilities, depending upon the availability of water and other factors, rather than construct facilities at new locations.

The most significant aspect to the request is the deletion of the two housing units. Currently, the hatchery employees and their families are housed in trailers.

The Executive Budget Request contains a request to construct 20 new employee housing units and to renovate an additional 69 units. It appears that the deletion of the employee housing for the Kasilof Hatchery is inconsistent with the proposed plan to generally upgrade employee housing.

Project Alternatives

Provide the \$220.0 for two housing units requested for the Kasilof Hatchery.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

February 20, 1980

MEMORANDUM

TO: J.H. Hogan, Director
Legislative Finance Division

FROM: Wallace G. Miller, President 
Miller & Associates, Inc.

SUBJECT: Capital Project Analysis - Fire Fighting

This memorandum provides an analysis of the Department of Natural Resources projects in the FY 1980 Supplemental Capital Budget relating to Departmental fire fighting activities. (SB 345)

Project Description

Four projects have been requested in the FY 1980 Supplemental Capital Budget. These are:

Fire Fighting Costs	\$ 3,603.0
Fire Suppression Fund	\$ 5,000.0
Statewide Fire Warehousing	\$ 854.0
Canadair CL-215-Purchase	\$ 5,067.0
	<u>\$14,524.0</u>

Project Analysis

Basically all four projects are pretty straight forward. Approximately \$3.2M of the fire fighting costs have previously been incurred with the remaining \$400.0 needed for pre-fire season contracts and training fire fighters.

The \$5.0 requested for the Fire Suppression Fund should be more than adequate except in bad fire years. The level established for the Fund can be arbitrarily set at any level and \$5.0 million appears to be a reasonable level for the next few years until substantial additional land is acquired by the State.

The Statewide Fire Warehouse and Communication System provides essential support to the fire fighting activity.

The use of the two aircraft in fire fighting is similar to how other states and federal agencies are solving the same problem. There are two rather technical issues associated with the aircraft. These are: Is the CL-215 the right kind of aircraft for fire fighting in Alaska? Secondly, should the state purchase or lease the aircraft?

If the answer to the first question is yes, and the aircraft have a useful airframe life of 10 to 20 years, outright purchase would likely be cheaper than a lease arrangement.

In summary, the budget requests appear reasonable, but the legislature may wish to consider requesting the Department to develop a more complete fire fighting plan based on likely land acquisitions over the next 5-10 years.

This plan should address such policies as possible "let burn" areas, use of local personnel and equipment in cooperative programs and fire aircraft and equipment maintenance.

Another area which may deserve legislative attention is the need to establish efficient procedures for issuing field warrants, paying fire fighters in a timely manner, resolving the issue of over-time pay for fire fighters, developing efficient procedures for securing contract equipment, providing a commissary and similar operating procedures. Legislative encouragement to the Department of Administration to assist the Department of Natural Resources with payroll, purchasing and personnel systems appropriate for fire fighting organizations could improve the efficiency and the effectiveness of fire fighting activities.

HOUSE FINANCE COMMITTEE

March 4, 1980

1:40 p.m.

All members of the Committee were in attendance, with Representatives Freeman, McKinnon, Guy, Moss and Smith arriving later in the meeting. Also present: Senate President Clem Tillion and House Speaker Terry Gardiner; Representatives Mike Miller and Nels Anderson; John Crandall and Mike Doogan, Administrative Assistants to Chairman Meekins; Milt Barker, Fiscal Analyst, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and advised the Committee would hear statements on the tax proposals from Senate President Clem Tillion and House Speaker Terry Gardiner.

TAX PROPOSALS

[Representatives Freeman and McKinnon arrived at this time.]

CSSB 122 (Rules) - "An Act providing for a general tax refund under the Alaska Net Income Tax Act and relating to the use of income from the Alaska permanent fund for the general tax refund and permanent fund dividend; and providing for an effective date."

CSSB 122

In his overview of the Senate tax bill, President Tillion advised the Senate took the position that the funds of the permanent fund are a trust of the people, therefore, can be disbursed, if the Legislature so wishes, to the citizens of Alaska; while funds from the general fund are taxes and cannot be disbursed quite so readily. He noted he is awaiting an opinion from the Attorney General on this. He commented the Senate's view is that the tax refund should benefit all Alaskans, but should benefit those who pay taxes a little more.

TILLION
STATEMENT

[Representative Guy arrived at this time.]

Basically, President Tillion said, the bill is divided into three parts. The first part, he advised, would benefit only taxpayers. It would refund, he stated, from the permanent fund, every taxpayer according to how much he has paid--up to five years. The second portion of the bill, he advised, deals with the dividend amount collected from nonresidents, and the third category of the bill is the straight dividend that goes back to the people. He briefly described how the different sections would work.

Chairman Meekins asked if, under this bill, an individual would continue to file tax forms and pay taxes and then receive a refund. President Tillion indicated yes, an individual would still file, that it would be a matter of checking in a certain box on the form. He stated that, until the Department of Revenue is set up for this, the State would continue to collect from non-residents.

Representative Haugen asked what the cost would be. President Tillion responded it would cost \$400,000 for the first year and add a total of 17 employees to the staff, with 12 of those being temporaries while getting the computer on line.

There was discussion on the taxpayer classification and the five-year clause. President Tillion commented the Senate feels it is important not to cut anyone off, eventually, but that they also did not want to write a bill to benefit tourists. CSSB 122
HELD OVER

[Representatives Moss and Smith arrived at this time.]

The House version of the tax bill was presented at this time by Speaker Gardiner.

HB 696 - "An Act relating to the individual tax credit allowed under the Alaska Net Income Tax Act; and providing for an effective date."

HB 696

Speaker Gardiner stated he would be addressing the State Affairs CS for HB 696. He advised Sections 3-7 of the bill suspend the personal income tax law beginning January 1, 1980, and Sections 8-12 re-enact the current tax law as of January 1, 1984. He noted refunds would begin as soon as the Department of Revenue is set up to handle this after the bill is passed. He described how distribution, noted on page 3, line 8, would work as it applies to a family of four.

GARDINER
TESTIMONY

There was discussion on subsection (e), page 4, line 9. Speaker Gardiner explained those credits listed under Section 2(a), (1) through (5), are now in the current income tax law and that this bill makes them payable credits because they would no longer be paid. Representative Rogers commented they might want to look at the inflation rate when dealing with the credits.

Speaker Gardiner stated, under this format, distribution is not attached to the permanent fund, only to the Legislature making these payments. Referring to a letter from Revenue, he noted they state that, if this bill passes by May 15, the credits would begin July 4 and be completed by September.

Discussing figures, Speaker Gardiner advised the \$115 per person is the best estimate, and the cost would be \$213 million. He stated this is approximately \$2,000 per family. The cost of suspension would be \$160 million for FY 81, he said.

Representative Freeman asked how many people would receive benefit, and Speaker Gardiner answered the figure is based on 400,000 people receiving \$115 per year to a maximum of five years, which equals the \$213 million. Representative Freeman asked if this goes to men, women and children, regardless of age, and Speaker Gardiner indicated that was correct. He added this is based on the premise that the wealth belongs to everyone. Assuming this, he stated, the first thing to do is to suspend the income tax obligation, and secondly, to distribute wealth based on the belief that families could use more money than single people. Discussion on equity followed.

Referring to the proposed distribution to children, Representative Smith stated she is concerned there is no guarantee that this money will go to the children. She also commented she feels single people would be penalized under this system. She added she feels the money belongs to the State and should go to all--for the public good--but that distribution is not necessarily the way to do it.

Representative Moss referred to the Penalties and Enforcement section, page 5, line 7, and stated he feels the words "may never become" are too severe. Speaker Gardiner replied this was taken out of the Governor's bill and can be worked with. He admitted it may be overly harsh.

Speaker Gardiner noted that the Policy, Purposes and Findings section was lifted from the Governor's bill, and he stated he does not feel the rest is necessary, with the exception of Section 1 to line 17, and maybe (d), page 2, line 4. He stated the bill tries to make some distinction on residency in (f), page 2, line 28. There was discussion on the nonseverability clause in Section 15.

Referring to Section 7, page 8, Representative Montgomery asked about repealing those laws rather than suspending them. Speaker Gardiner stated he does not feel repeal is responsible and that it makes more sense to suspend the taxes now because the State can afford it rather than talking about doing all these things when revenue projections may not hold.

Representative Duncan noted Sections 1 and 2 are retroactive while Section 3 is not. Speaker Gardiner stated this is a qualification. He explained this bill will cost \$434 million predicated at the end of FY 81, and to go back another year would add that much more. He commented the Legislature may wish to consider a cash flow problem. He urged the Finance Committee address the bill this week and come up with a more active fiscal note.

Representative Freeman referred to the "baby bonus" that was tried in Canada some years back and expressed his concern with this tax bill. He stated he feels there is nothing wrong in extending benefits but "takes exception to the non-resident who mails his check home and then leaves." He also urged attention be paid to criteria so as not to have to fight the Governor's veto. Speaker Gardiner stated he does not disagree with Representative Freeman, that the State Affairs CS for HB 696 was an effort to get a consensus behind one bill. HB 696
HELD OVER

After brief discussion, Chairman Meekins appointed a subcommittee--chaired by Freeman and including Rogers, Duncan, Montgomery and Meekins--to look into the tax bills and report back to the Committee of the Whole in a special meeting this week.

The meeting adjourned at 2:50 p.m.

ADJOURN

Tape HFC 80-20 Side 2 #790 - End
 80-21 Side 1 #001 - End
 Side 2 #001 - #426

March 4, 1980

TO: Rep. Russ Meekins
FROM: Mike Doogan
SUBJECT: CS HB696

This bill does two things: first, it provides for payments to state residents; second, it suspends individual income taxes.

Payments to residents: Section 1 gives a series of findings and purposes for making payments to residents, including defraying energy costs and preventing population turnover. Section 2 adds residency payments to Title 43 (Revenue and Taxation). These are: \$115 a year, beginning with 1975, for being a resident; a maximum of \$50 a year for political contributions; a maximum of \$10 a year for home heating; a maximum of \$300 a year for home improvements resulting in energy conservation; 16 per cent of the federal tax credit for household and dependent care services. A person is eligible for these payments if: he applies, is a state resident (those resident less than a year get a prorated share). To prove residency a person must make a signed statement and is liable for repayment if the statement is proved false. He may also be liable for criminal penalties. The Department of Revenue is charged with administering the program. Residency is defined as intent to reside.

Tax Suspension: Beginning with Section 3, the bill suspends individual income taxes for the 1980, 81, 82, and 83 tax years. Sections 3 - 7 do the suspending. Sections 8 - 12 re-enact the current tax law as of January 1, 1984. Section 13 requires a refund of all 1980 withholding. Section 14 limits the \$115 credit to actual state residents from 1975 through 1979. Section 15 is a non severability clause. Section 15 to end click in the suspension.

HOUSE FINANCE COMMITTEE

March 6, 1980

2:30 p.m.

[Tape HFC 80-21, Side 2 #426.]

All Members of the Committee were present except Representative Freeman. Also present were Senator Frank Ferguson, Mr. Bill Thompson, Department of Education, Assemblyman Don Smith, Anchorage, and Dave Scott, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and brought CSSB 199 (Finance) am up for discussion.

CSSB 199
(FINANCE) AM

"An Act relating to the public school foundation program; to educational assessments of children; and providing for an effective date."

Chairman Meekins advised a Subcommittee chaired by Representative Moss has been working on this bill, and they have prepared a proposed Committee Substitute. He invited Senator Ferguson to testify on the Senate's bill.

Senator Ferguson said it was essential that districts find out how much money they are going to get as soon as possible so they can submit their budgets. He said he has looked at the work being done by the Finance Subcommittee, and he has prepared a similar bill. He said the House CS and his proposed bill do differ slightly in certain areas. He believes they should look towards making the foundation formula less complicated than it is.

Senator Ferguson gave Subcommittee Chairman Moss copies of the bill he has drafted with a sectional analysis, and he requested that the Subcommittee review this bill. He said it is important that this issue be resolved as soon as possible. There was brief discussion on the bill. Senator Ferguson said he believes that if the House Finance Committee bill were to come to the Senate side in its present form, he would request that it go to Free Conference.

There was discussion on the foundation formula. Subcommittee Chairman Moss said a policy decision has to be made on whether they wanted to fund programs for schools based on their current rolls or on what they might need. He said the Subcommittee worked on both assumptions, and the difference is about \$1.5 million between current and future roll requests. Senator Ferguson commented foundation formula funding is a very complicated way of doing things.

Subcommittee Chairman Moss presented Committee members with the Subcommittee's proposed Committee Substitute and a sectional analysis of that bill. Mr. Scott explained the bill and there was brief discussion.

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[Tape change HFC 80-22, Side 1]

Chairman Meekins asked if the Subcommittee was ready to propose a definite committee substitute for the bill. Subcommittee Chairman Moss said he thinks the Subcommittee should look at Senator Ferguson's recommendation first. He will advise the Chairman when they are ready to have the bill scheduled.

Representative McKinnon gave background information and presented a draft of the bill making an appropriation to the Alaska Municipal Bond Bank Authority (see attachment). He said that essentially the bill provides a state subsidy for the bonds of the various communities listed in Mr. Rose's memo, which is necessary because of the limits placed on the bond's interest rates by the voters. He explained the bill appropriated \$4.5 million to the Bond Bank to cover issues that are being put together by these communities. Representative McKinnon said the second section of the bill provides for an appropriation to the Department of Revenue to subsidize the Municipality of Anchorage's bond issue. He said the reason that was split out is because traditionally Anchorage has not gone through the Bond Bank.

APPROPRIATION
TO ALASKA
MUNICIPAL
BOND BANK
AUTHORITY

Chairman Meekins asked why it is necessary for the State to provide this subsidy. Representative McKinnon said they could request an eventual repayment, but the municipalities are in the position of having to borrow money at this point if they are going to get the projects going.

There was discussion on which communities would receive the subsidy. Representative McKinnon said the intent of the proposal was to cover those bonds that would have sold if the interest rate hadn't been raised, in time to meet the upcoming construction season.

Chairman Meekins said a policy decision has to be made on why they should help out those municipalities who are in trouble now, and not those municipalities that may be in trouble later. He suggested it would be fair to provide the money now, but on a loan basis. There was discussion on whether or not it would be legally possible for the municipalities to repay the funds.

Chairman Meekins said he would request counsel to review this to see if it were legally possible to have the municipalities repay the subsidy, and have a bill before the Committee tomorrow.

Representative Rogers requested that HB 670 be brought up for consideration.

HB 670

"An Act making a supplemental appropriation to the Department of Labor, division of workers compensation; and providing for an effective date."

3/6/80

Representative Rogers said this bill is a supplemental appropriation for the Division of Workmen's Compensation. He advised there are three items included in the committee substitute he is proposing be adopted by the Committee. The first section is \$54.6 for new positions in the Division to handle the backlog of cases. The second section is for an information handling system. He advised this is in the Governor's FY 81 capital budget, and he is recommending moving the project ahead three months to get it started earlier. There was brief discussion on computer systems. Representative Rogers advised the third section is to provide \$5,000 to begin preparation of an injured workers handbook. He explained this should help keep costs down as it will make the public aware of what the rights of an injured worker are. He advised the total amount for this handbook will be \$270,000.

Representative Duncan moved and asked unanimous consent that the Finance Committee Substitute for House Bill 670 be reported out. There being no objection HB 670 (finance) was reported out with a "do pass" recommendation.

CSHB 670
(FINANCE)
REPORTED
OUT

Chairman Meekins appointed a Subcommittee to review the Legislative Affairs Agency supplemental appropriation request with Representative McKinnon as Chairman, and Representatives Rogers and Montgomery as members.

LAA
SUBCOMMITTEE

The meeting adjourned at 3:15 p.m.

ADJOURN

Tape HFC 80-21 Side 2 #426 to end
80-22 Side 1 #001 to 499

3/7/80

1 * Section 1. The sum of \$4,500,000 is appropriated from the general
2 fund to the Department of Revenue, Alaska Municipal Bond Bank Authority
3 for the purpose of debt service and bond reserves.

4 * Sec. 2. The sum of \$1,500,000 is appropriated from the general fund
5 to the Department of Revenue to pay to the initial bond purchasers of bonds
6 issued by the municipality of Anchorage, the difference between the price
7 at which bonds of the municipality bearing interest at the rate of eight
8 percent (8%) per annum are purchased and the initial reoffering price,
9 including the underwriting fee, as certified by the municipality. If the
10 municipality certifies to the commissioner of revenue that it has determined
11 to sell its bonds to the Alaska Municipal Bond Bank, then the commissioner
12 of revenue shall pay over the amount appropriated to the Alaska Municipal
13 Bond Bank for debt service and bond reserves.

14 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
15 10.070(c).
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HOUSE FINANCE COMMITTEE

March 7, 1980

1:45 p.m.

All members of the Committee were in attendance, except Representatives Schaeffer and Smith. Representative Duncan arrived later in the meeting. Also present were Kerry Romesburg, Executive Director, Postsecondary Education Commission, Department of Education; Billy Berrier, Director, Division of Legal Services, Legislative Affairs Agency; Sterling Gallagher; John Crandall and Mike Doogan, Administrative Assistants to Chairman Meekins; Milt Barker and Dave Scott, Fiscal Analysts, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and advised the Committee would take up SB 425 am:

SB 425am - "An Act making a supplemental appropriation to the Department of Education, Commission on Postsecondary Education; and providing for an effective date."

SB 425am

In his testimony, Kerry Romesburg briefly explained the problem with the student loan program this year is due to an unanticipated increase in loan applicants and an unexpected reduction in the rate of cancellation--to 5%. In the past, he stated, the cancellation rate has consistently been 18-20%, and they always over-award the loan program based on that rate. He advised the program was over-expended as of January 24, at which time they stopped making loans. Yesterday, he stated, they reached zero in their account, and the computer started rejecting checks. He noted 83 have currently been rejected, and more are coming in.

Answering questions from the Committee, Mr. Romesburg responded the \$1,820,000 in SB 425 am takes care of everyone on the books right now. He also cited the job market as a possible reason for the increase in loan applications. He stated, when he called around, the verdict was that students are staying in school because there are no jobs.

Representative Rogers brought up the issue of forward-funding the program--to appropriate their year's loans in advance so they can approve the loans in April, May and June and get the money out. He noted this was discussed last year and is in a bill sponsored by Representative Montgomery and himself and also a Senate bill. He questioned whether the Committee would want to do this in

3-7-80

this bill. After brief discussion, Chairman Meekins indicated he favors this approach but would rather have a special hearing and take it up at a later date.

Representative Freeman moved and asked unanimous consent that SB 425 am be reported out of Committee. There being no objection, it was so ordered. SB 425 am was reported out with a "do pass" recommendation.

SB 425am
REPORTED OUT

The following is a verbatim transcript of the remainder of the meeting:

[HJR 62 - Relating to the Alaska Power Authority, and the incurring of revenue bond indebtedness of the Alaska Power Authority for the Tyee Lake hydroelectric generating project near Petersburg and Wrangell, and for the Swan Lake hydroelectric generating project in the Ketchikan Gateway Borough.]

HJR 62

FREEMAN: Mr. Chairman, this is one of those deals where you have to...for the revolving loan fund, we have to have a resolution authorizing Alaska Power Authority to make the loan to...

MEEKINS: ...Any discussion on this resolution?

FREEMAN: Move the bill.

MEEKINS: The reason...I'm not trying to ram this through, but I think everyone knows that these projects have kind of been a bill for awhile, and I don't want to get into the merits of the projects themselves or some of the uses...

GUY: Would it be cumbersome to include Kisaralik--just a statement, no fiscal impact--but a statement whereby the feasibility of Kisaralik hydroelectric project concern ...Would it be cumbersome?

FREEMAN: Mr. Chairman, I think there would probably be a better way to do that. Actually, it is a requirement that we have in this revolving loan fund that every time it comes, we have to have a resolution for that particular project. It's like the one we did last year for \$123 million for Kodiak.

[Inaudible]

GUY: Mr. Chairman, I was thinking that maybe a mention of Kisaralik hydro project should be mentioned there, but if the Committee feels that we should wait until a more appropriate time...

MEEKINS: Right. I think the tradition would be that we wouldn't mention it, and we would have a...

GUY: That we wouldn't mention it?

MEEKINS: Right...yes...

GUY: Until some other time? Mr. Chairman, I don't want to be dilatory.

MEEKINS: I understand.

HAUGEN: Just to give him moral comfort...I mean, I'll support Kisaralik in that request that's in the Power Authority to study. These two are the result of that APA board. They have to send these (inaudible) to the Legislature after their actions.

FREEMAN: I move the resolution--House Joint Resolution No. 62, Mr. Chairman--ask unanimous consent.

MEEKINS: Motion carries.

[HJR 62 was reported out with a "do pass" recommendation.] HJR 62
REPORTED OUT

ROGERS: Mr. Chairman, on the fiscal note, I notices that the ...it says the Governor's FY 81 budget request includes \$28 million for loans to assist in financing the two projects. I wonder if this Committee ought to consider putting the \$28 million on this fiscal note.

FREEMAN: I don't think it's necessary. The money is in the budget. We have to take care of the money in another hearing (inaudible).

ROGERS: Fine.

[HB 950 - "An Act making special appropriations to the Department of Revenue to provide partial interest payments on municipal bonds; and providing for an effective date."] HB 950

MEEKINS: Okay. Municipal Bond Bill. Mr. Berrier, we had a question that we asked staff to direct to you on...I wonder if you remember the question. Maybe you can state it for us.

BERRIER: Well, Mr. Chairman, I think it's legitimately requesting...it's a broad question, but it boils down to the two parts. It's whether, in effect, this work draft can be converted from a draft to a loan (inaudible). There are two problems in doing that. One, of course, is with an appropriations bill, structuring a loan program and repayment would be adding matters that did not matter to

the appropriations budget. I would think that you would need a separate bill. And secondly, at least as the Anchorage, if my understanding of the facts is correct, and somebody's request (inaudible) gave me a call. Apparently, Anchorage has put out a bond issue for voter approval, and within that voter approval of the bond issue was an 8% interest limitation that ran... Say the city issued bonds at a rate of interest not to exceed 8%. (inaudible) at 8%, they pay the difference. It seems to me extremely clear that, if they sell to the bond bank at 8% and borrow the money to pay additional bond bank and then have to repay that bond bank, this is more than 8% interest, and I think ...it appears to me...

MEEKINS: Well, whoever they borrowed it from...it doesn't matter...

BERRIER: Yeah. It's just it looked very straight forward to me that this is additional interest, that they have to repay it and, undoubtedly, violate the bond authorization.

MEEKINS: Now, the question becomes whether or not the State wants to appropriate this money. If the State doesn't appropriate the money, then barring some other method of obtaining it, the projects probably won't go ahead this construction season. I think there is some value in moving ahead.

FREEMAN: How much money are we talking about?

MEEKINS: We're talking about \$6 million to seven different municipalities.

FREEMAN: State money?

MEEKINS: State money.

GUY: What is the list of municipalities?

MEEKINS: There's Anchorage, Sitka, Bristol Bay Borough, Kenai Peninsula Borough, Seward, Ketchikan Gateway Borough, Kodiak Island Borough.

HAUGEN: What happens if somebody else tries to limit the market?

MEEKINS: Joe, is there somebody else that might get caught in this crunch?

McKINNON: So far as I know of it's the period of time, and these are the only people whose construction during this season would be affected by the bond rates. Everybody else will have an opportunity to go back to the voters one more time to raise their interest limitations. Any projects bonded for after this construction season will have to be put at a higher rate.

ROGERS: It seems to me that, regardless of whether we do this, we are establishing a long-term policy determination. If we're going to subsidize over 8%, and if it were to extend to everybody, I'd feel a lot better about it--I don't want to stop the projects--but if...We're bailing out a bad municipal decision, and either we're going to be in the position, you know, that City 'X' or Borough 'Y', a month from now, is going to know they can come in and hit us for it. I mean, if I saw this bill go through and were a Fairbanks Borough assemblyman, I'd put the 8% cap on even if I knew I can't sell those bonds for 8% and then come in to the Legislature. While I don't expect my assembly in Fairbanks to put out any bond indebtedness between now and the end of the session, I think we're sending a signal to the municipality.

MEEKINS: Can somebody answer a question? I don't know, Sterling, if you can or Mr. Berrier here, but is it...you know, in your opinion...accurate to characterise it as a bad judgment, or did something happen that was unexpected, or was it normal policy to put that 8% cap on, or did they do something real unusual by putting that on and did the bond market just collapse out from under them, or what's the situation?

GALLAGHER: It's no more bad...I don't think it's any more bad (inaudible) a year and a half ago put an 8% ceiling on their debt. They can't perceive this market falling out of (inaudible) that far. Even this week, it's probably deteriorated another 25 bases. It's probably going to go another 75 before it stops...whatever...

MEEKINS: This is what, 3/4 of 1%?

GALLAGHER: (inaudible)

BERRIER: Mr. Chairman, if I can answer from experience. (inaudible) a great many municipalities have routinely felt that putting the ceiling cap on their bond propositions was necessary to get the bonds passed. Other municipalities have not, but it's been routine for many years; a good many municipalities inflict this in their bond propositions. I assume the reasons are to get it passed.

MEEKINS: Well, you know, Brian...I think you've got a good point, and I don't know how to get around it, but I think that, you know, there is an equity question, and it's mitigated by the fact that I don't think that those particular municipalities come in here and try to muscle their way to get some kind of special treatment. They happen to be, coincidentally or whatever, they happen to be in a situation that's a problem. When there's an emergency in Bristol Bay, I don't say 'Well, what am I going to do for Anchorage?' I go in and I help the emergency out. However, this is an emergency, and the question that it needs to be

done quickly, but there is a policy consideration of whether or not the State should even be considering bailing this situation out, or should the municipality consider doing it, or whatever. So, I understand that, and I would consider very strongly (inaudible). I think there should be an equalivalency of some...It may not be on bonds; it may be, you know, something else that's a special thing that some other municipality is in trouble on, and I think that we should extend the same kind of, you know, that we should be equal...candid...you know, we shouldn't say 'Well, no, that's a bad policy for the State.' I don't know if something like that will come up or not, but I would certainly consider it. I don't know how else to get out of the sticky situation.

MONTGOMERY: Mr. Chairman, does it take a city vote to raise that lid? Does it have to be a vote or can the assembly do it?

BERRIER: Mr. Chairman, this was in the ballot proposition that was put out and approved by the voters, and I...

MONTGOMERY: So, to raise it, it would be 2-3 months to do it, I expect.

BERRIER: You would have to go through a new election, at least in Anchorage, and my understanding is that some of the others have actually charter prohibition. I'm not sure about that, but that...so, you would have to get a charter amendment, if my understanding is correct.

ROGERS: The other way I look at it is for \$6 million, we're getting a lot of projects. So, you know, in terms of...the projects won't go if we don't do this. When I look at it that way, I think 'yes', but when I look at it as a bailing out...

MEEKINS: Well, I think I would ask you to, you know...I know there is an equity question, and I recognize it, and I think that, in good faith, those of us that are from municipalities that are going to be benefiting from this consideration. You know, I give you my commitment that, if there's a likewise return, you know, I can't specify what it is or make an exact one, but in terms of a good faith effort...

HAUGEN: What's the chance of getting even or pick winners on that revolving loan fund?

[Laughter]

MEEKINS: You know, there's...I think that this is the kind of situation where, you know, it's a unique thing, and you take it as it goes (inaudible) makes everything totally...

FREEMAN: For my part, I would agree with Mr. Rogers that, I suspect, that \$6 million spent here would probably make possible a lot more worthwhile capital improvement projects than some we're going to fund very shortly.

[Laughter]

FREEMAN: But, there's one other thing that bothers me, and again it's the matter of the equity bit, I hate to see a municipality, because we do it this time, take the attitude that, you know, that they can...They might put a 7-1/2 cap or a 7 or something...with the expectation that we're going to bail them out just because we did it once before. And, I don't know what we can do.

MEEKINS: Well, we could send...Would the Committee accept a LETTER OF letter of intent from the Chairman instructing...repre- INTENT _____
sents the Committee's interest that this is a unique situation brought on by unforeseen circumstances but that it's a one-time only concern...

FREEMAN: And it's no license to steal, right?

MEEKINS: Right.

FREEMAN: I could go for that.

ROGERS: On the other hand, though, if we're getting all these projects for \$6 million, maybe we do want to encourage the municipality...If they are willing to pay the bulk of the costs of the project, and maybe we should encourage them to do the projects and bond for them and we'll make up the 8% difference. But, you know, I can look at it either way. But, for the time being, I would think that your letter of intent saying that this is a one-time only...I think that that would be the better way to go right now, and then later on address the overall policy issue of whether or not we want to hold down...

GALLAGHER: Well, the best way to handle your concern, Mr. Chairman, is maybe put on a limit that this program is effective only until October 1 when municipal elections are, on October 1 on bond matters or approximately that date, so that would have to be approved by that date in order to qualify for...you know, but that would definitely...

MEEKINS: I think the equity question can be taken care of in different ways...But, right now, we've got seven municipalities that are in some unique circumstance, and I think we agree, it's worth the money because of the considerations of what we're getting for the \$6 million, and we ought to just go forward with it with a letter saying it's no license to steal, and I think that's the...

FREEMAN: What was the project in Ketchikan? I have \$400,000, maybe it's a constituent (inaudible) I don't even want. It doesn't say what the project is.

?: Airport revenue sharing.

FREEMAN: Airport revenue--they need it.

ROGERS: I move that we, reluctantly, report out this as a Finance Committee, that we introduce it as a Finance Committee bill and attach a Finance Committee Report and a Chairman's letter of intent.

MEEKINS: Heard the motion; is there objection to the motion?
Motion carries.

[HB 950 was reported out with a "do pass" recommendation and a letter of intent attached.]

HB 950
REPORTED OUT

[HB 948 - "An Act making an appropriation to the Department of Transportation and Public Facilities for completion of the Snettisham hatchery; and providing for an effective date."]

HB 948

DUNCAN: Mike's (Doogan) passing around a proposed Finance Committee bill. I talked with the Chairman, and he said to go ahead. Have one drawn; it has not been introduced. Let me, very briefly, explain. I guess what I was requesting of the Chairman is that, as we introduce the bill on Monday morning, we have a Committee Report attached so that this doesn't have to come back here. In the 1978 bond issue, there was money for various hatcheries--fish hatcheries. One of those was Snettisham, and they awarded...they have taken bids on the project. The bids were opened on January 30. They came in \$900,000 higher than the money available. They've got until March 14th to either award the contract or the contractor can back out or they have to go through a rebidding process, and it will probably come in even higher yet. What this bill would do is appropriate \$900,000 of general fund money to that project to allow them to award the bid. If they rebid, no doubt it will come in higher. What they first had recommended, and I don't think it's a good idea, they'd recommended that they transfer money from other hatchery projects over to Snettisham. And I don't think it's a good idea and that's why I'm going this route.

MEEKINS: I might point out that this is a part of Representative Duncan and Miller's request. It was currently...was going to be in the capital budget, and their request will be reduced by this amount, so that, you know, we're not...

HAUGEN: How much are they asking for?

MEEKINS: \$900,000.

[See attachment to minutes.]

GUY: Mr. Chairman, shouldn't...Per the memorandum here, this is a request for reallocation. Has the Representative from the...

[Tape change to HFC 80-22, Side 2, #001]

DUNCAN: ...but they're asking for reallocation. I said I don't think that's a good idea. Therefore, I'm introducing a bill for general fund appropriation. I don't think we should take away the costs of Kotzebue. The Administration wanted to, and I'm saying no. I'd rather go general fund appropriation. This is only backup.

GUY: Okay. Mr. Chairman, for the record, the \$900,000 for the Kotzebue hatchery project will not be averted...

DUNCAN: Right.

GUY: ...but the \$900,000 that was...

DUNCAN: ...will be appropriated out of the general fund...

GUY: Your proposed bill will be entirely new funds?

DUNCAN: Yes. I probably should have crossed out the (inaudible).

GUY: Okay.

ROGERS: In fact, they cannot transfer from the Kotzebue hatchery because it was approved in a bond issue, and you can't transfer whatever's in a bond issue.

DUNCAN: Well, legally, they could, but they would require...they would have to get legislative approval before they did it. It was allocations; it wasn't appropriations.

MEEKINS: Are we ready?

ROGERS: I move we introduce and report out a bill, this bill, with Committee Report attached.

MEEKINS: Motion carries. Meeting adjourned.

[HB 948 was reported out with a "do pass" recommendation.]
The meeting adjourned at 2:10 p.m.

HB 948
REPORTED OUT
ADJOURN

Tape HFC 80-22 Side 1 #499 - End
Side 2 #001 - #040

Duncan

Funding Information

General Fund	\$900,000
Other Funds	-0-
	<u>\$900,000</u>

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 948

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 an appropriation to the Department of
7 Transportation and Public Facilities for completion of
8 the Snettisham hatchery; and providing for an effective
9 date."

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

1 * Section 1. The sum of \$900,000 is appropriated from the general fund to
2 the Department of Transportation and Public Facilities to complete the con-
3 struction of the Snettisham hatchery. The appropriation made by this Act is
4 a supplement to the general obligation bonds allocated for the Snettisham
5 hatchery from the general obligation bonds authorized in ch. 140, SLA 1978,
6 and approved by the voters in 1978.

7 * Sec. 2. The appropriation made by this Act is for a capital project and
8 is subject to AS 37.25.020.

9 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
0 070(c).

7 Attachment

DATE: February 14, 1980

FILE NO: **RECEIVED**

TELEPHONE NO: MAR 7 1980

FROM: John Bates
Acting Deputy Commissioner
Planning & Research
Department of Transportation
and Public Facilities

SUBJECT: ~~Redeemed Program Request for~~
~~Snettisham Hatchery, Cnp. 140/78~~

→ Info for Amend. to HB 558.
900,000_{6F} for Snettisham Hatchery

The Department of Transportation and Public Facilities requests authorization to reallocate \$900,000 from the Kotzebue Hatchery project to the Snettisham Hatchery project.

The bids were opened on January 30, 1980 for the construction of the salmon hatchery at Snettisham. There were seven bidders with the four lowest bids being close together. This indicates that the bids are reasonable and valid. The lowest bid is approximately \$900,000 over the funds presently available for construction. The latest construction cost estimate anticipated correctly the discrepancy between available funding and prices. The request for reallocation of funding was delayed until bid opening to verify the amount required.

The required funding is requested from Kotzebue Hatchery since the project is anticipated to cost less than funds allocated. The Kotzebue project fund request was based on the assumption of poor access to a difficult to develop water supply. Because a spring water supply has been found adjacent to the Noatak River both access and water supply development will be less expensive than anticipated. In addition, development on the basis of using prefabricated modular units for hatchery construction will significantly reduce costs. For these reasons the reallocation from Kotzebue to Snettisham will not adversely effect the Kotzebue project.

The proposed revised budget for the Snettisham Hatchery is as follows:

Site Investigation Design & Other Preliminaries	\$ 626,273
Site Preparation Contract Restricted for Equipment (RSA'd to ADF&G)	766,136
	500,000
Low Bid - Hatchery Construction	4,717,000
Change Order Contingency	<u>215,991</u>
TOTAL	\$6,825,400

TOTAL

\$6,825,400

HOUSE FINANCE COMMITTEE

March 10, 1980

2:10 p.m.

[Tape HFC 80-22, Side 2 #041.]

All Members of the Committee were present except Representative McKinnon. Also present were Representative Mike Miller, and Milt Barker, Legislative Finance Division. PRESENT

Chairman Meekins called the meeting to order and brought SB 292 am up for consideration.

"An Act requiring fiscal notes to be prepared for regulations having fiscal impact." SB 292 am

Representative Freeman explained this bill is essentially the same as a bill they passed last year that was vetoed by the Governor. He said the law requires the Legislature and Administration to file fiscal notes; however, regulations having a fiscal impact can be promulgated without having a fiscal note. There was brief discussion on the bill.

Representative Duncan moved that SB 292 am be reported out of Committee. Representative Rogers pointed out that the Department of Fish and Game had submitted a fiscal note. After brief discussion, Representative Rogers moved to amend the motion to report the bill out with a zero fiscal note. There being no objection, SB 292 am was reported out with a zero fiscal note. SB 292 am
REPORTED
OUT W/
ZERO FISCAL
NOTE

The next bills to be considered were:

HCR 41 - "Relating to a study of the feasibility of resettling Indo-Chinese refugees in Alaska." HCR 41 &
HB 576

HB 576 - "An Act making a special appropriation to the Legislative Council for a feasibility study on resettlement of refugees from Indochina in Alaska; and providing for an effective date."

Representative Mike Miller advised these bills call for a study in the amount of \$65.0 to determine whether it is feasible to relocate a group of Indo-Chinese in Alaska in a setting where they would be self-supporting. He commented the study might determine it is not feasible to bring them up here to be a self-sustaining community. However, he said there is good reason to think they could bring in a group of approximately 500 people. He advised the State Division of Agriculture has looked into this.

Representative Miller said in this bill they are asking that a feasibility study be done, and that it be completed as soon as possible -- before this Legislature adjourns, so they can take action this year if it is possible.

3/10/80

In answer to a question from Chairman Meekins, Representative Miller said it would not be necessary to pass the Resolution out of Committee, only the bill. He advised the fiscal note increases the cost from \$50.0 to \$65.0.

Representative Rogers asked if it was possible to get the study back in time for it to do any good this Session. Representative Miller said he would hope the study could be completed in six weeks.

Representative Montgomery wondered if it was appropriate to do this at this time instead of helping the people already in Alaska. Representative Miller said he didn't think it had to be an "either/or" type of situation. He said that considering the State's financial situation, he thinks this is a feasible idea. There was brief discussion on whether or not this group could be selfsustaining.

Representative Rogers moved that the Finance Committee report out a Committee Substitute for HR 576 in the amount of \$65.0. There being no objection, it was so ordered.

CSHB 576
REPORTED
OUT

Representative Miller advised he has a new proposal to resolve the income tax issue, and he presented Committee members with a copy of a workdraft bill. He briefly explained why he came up with this proposal. He said his proposal would repeal income tax for everyone making less than a certain amount, in his proposal that amount is \$32,000. Anyone making less than \$32,000 would pay no income tax, and the person making more than \$32,000 probably wouldn't pay income tax either because he would receive Freeman-type tax credits (at \$250 per person who pays taxes up to five years). He said this would mean an individual who has been living in Alaska and filing his taxes would probably no longer have to pay any taxes.

INCOME TAX

Representative Miller said the advantage of this is that, like the Senate bill, it does tax the "outsider". He said the reason the bill is so long is because they have to go through all the tax laws and repeal, line by line, all the various tax brackets people are paying in.

Representative Miller said the other part of the bill relates to income distribution, and is essentially the same as the House State Affairs concept except that up to one half of the earnings of the Permanent Fund would be for the \$115 per year times the number of years the person has been here. He said that on those years that the Permanent Fund doesn't equal that much, the money comes out of the General Fund.

3/10/80

Chairman Meekins asked if under this concept, the people making under \$32,000 a year would be required to file a return. Representative Miller said that originally he thought no, but he thinks they should file something really simple so there is a record of their being in Alaska so, if their salaries are raised above \$32,000, they can receive tax credits. He suggested their filing consist of their name and address and a copy of their federal return.

Representative Freeman asked, if they decided to split income tax repeal and distribution into two different bills, he would still be in favor of this concept. Representative Miller said he would be, but would like to see a crossed effective date on the two bills. He strongly suggested that one bill could only become effective upon passage of the other.

There was further discussion on the proposal. Representative Haugen asked if this bill would withstand the test of not having to have the income tax referendum vote. Representative Miller said he really didn't know, but from conversations he has had with Representative Randolph, he thinks it might. There was discussion on the referendum.

Chairman Meekins commented that he didn't see the need to discriminate against out-of-state people. He said the only difference he sees between this bill and repeal is that under this proposal everyone would have to file something if they wanted to capture the tax credits once their salary went over \$32,000. Representative Miller commented on out-of-state people coming up here and not making any contribution to the state.

Representative Rogers commented there is another difference between the two bills: For all but the rich, this bill is a permanent repeal, while the State Affairs bill is a four-year suspension. He said he favors this version over the original State Affairs bill. Representative Miller commented the tax structure would still be there in the event our revenue projections are not correct. There was further discussion.

[Tape change, HFC 80-23, Side 1.]

Representative Freeman commented a Subcommittee had been appointed to look into HB 696 and CSSB 122 (Rules).

HB 696 &
CSSB 122
(Rules)

HB 696 - "An Act relating to the individual tax credit allowed under the Alaska Net Income Tax Act; and providing for an effective date."

CSSB 122 (Rules) - "An Act providing for a general tax refund under the Alaska Net Income Tax Act and relating to the use of income from the Alaska permanent fund for the general tax refund and permanent fund dividend; and providing for an effective date."

Representative Freeman said that after considerable discussion the Subcommittee's recommendation was that the idea of income tax reduction or suspension should be handled as a separate subject from the distribution of wealth. He said the reason for that is there was some agreement on the approach to income tax, but not much agreement on the proposal to distribute the wealth.

Representative Freeman presented a one-page draft of a bill for HB 696 that would suspend for a four year period the State income tax. Representative Freeman advised that since they couldn't reach a consensus on the distribution, the Subcommittee recommended that this issue be considered by the full Committee.

There was discussion on the tax bills and splitting the two issues into separate bills. Several Committee members requested one more day to consider the various options before taking any action on these bills.

The meeting adjourned at 3:15 p.m.

ADJOURN

Tape HFC 80-22, Side 2 #041 to end
HFC 80-23, Side 1 #001 to #379

3/10/80

HOUSE FINANCE COMMITTEE
March 11, 1980
1:50 p.m.

All members of the Committee were in attendance, with Representatives Duncan and Smith arriving later in the meeting. Also present: Representatives Sam Cotten, Vern Hurlbert, Hugh Malone and Hugh Malone; Senators Frank Ferguson and Terry Stimson; Bill Thompson, Deputy Commissioner, Executive Administration, Department of Education; Bob Greene, Alaska School Boards; Dr. John Pepper, Superintendent, Anchorage School District; Wayne Taylor, Acting Superintendent, Nenana Public Schools; Jim Baldwin, Legislative Counsel, Division of Legal Services; Legislative Affairs Agency; John Crandall and Mike Doogan, Administrative Assistants to Chairman Meekins; Milt Barker and Dave Scott, Fiscal Analysts, Division of Legislative Finance.

PRESENT

Chairman Meekins called the meeting to order and advised the Committee would hear testimony on CSSB 199(Finance)am:

CSSB 199(Finance)am - "An Act relating to the public school foundation program; to educational assessments of children; and providing for an effective date."

CSSB 199(Fin)am

Chairman Meekins stated Representative Moss, Education subcommittee chairman, would first present an overview of the bill and noted the full Committee has not yet had a markup session on it.

Representative Moss distributed an information packet (see Attachments 1, 2, 3, 4 & 5) and advised he would be addressing the HCS (HESS) for CSSB 199. He covered the points as noted on Attachment 1.

[Tape HFC 80-24, Side 1, #165]

Regarding the property tax relief program, Dave Scott advised the connection is that they would only be eligible for this if they actually roll back property taxes. He added the State's participation would not exceed two mill in any one year.

Discussing the removal of area differential, Chairman Meekins stated it bothers him because it means potential large expenditures that would have tremendous impact could come to the Legislature. Mr. Scott commented he understands the Chairman's concern and that that could be reviewed. Chairman Meekins requested Mr. Scott make a note of this.

There was discussion on the elimination of PL 874 money and in-lieu of payments. Mr. Scott explained the city/borough would have authority to raise city/borough taxes, which is the only distinction, and that it appropriates all districts

the same. Representative Montgomery expressed strong opposition to this particular section, stating he doesn't think it is any of the State's business regarding local levy. He indicated a real problem of concern with Fairbanks and Kenai or Kodiak because their funds revert back to zero. He added this is assessing a penalty and is unfair, and he feels it will be challenged in the court. Senator Stimson echoed Representative Montgomery's statement. Representative Moss stated they are talking about the increase in funding balance, not the balance accumulated at the end of the year. Further discussion followed.

There was discussion on extending the separate count to elementary schools.

[Representative Duncan arrived at this time.]

[Tape HFC 8024, Side 1, #744]

Bill Thompson briefly explained the technical changes requested by the Department of Education. Chairman Meekins asked if the cost would be very high, and Mr. Thompson indicated no, they didn't see any cost.

THOMPSON
TESTIMONY

[Tape HFC 80-24, Side 2, #001]

There was further discussion on the increases in State support as provided in this bill.

Representative Moss stated the total cost for the two years is \$77,231,900. During discussion, Chairman Meekins pointed out the Governor only includes \$30 million on this budget and that even the constraints proposed may not be satisfactory to the Governor or the Senate.

[Tape HFC 80-24, Side 2, #322]

Bob Greene testified at this time, commenting on specific items of concern. He advised that including a 55% factor directing those funds to specific categories, namely, instruction, runs into problems, in that 26 districts' audited figures would not make 55%. He urged the Committee to give serious consideration to this before implementing it. The second problem area, he stated, is equalization. He indicated this is this the No. 1 priority of the Task Force, whose formula he prefers. He explained, as noted in this bill, it would have a negative impact on several districts--Anchorage, Fairbanks and Kenai. Mr. Scott pointed out this was proposed in the Task Force recommendation and that CSSB 199 is a different concept. Mr. Greene advised they would support an equalization factor approach if it were spread out over a period of about five years. He added they would not like to deal with this in any phase until after a study has been taken to determine it, and they would like to see it lumped together with area differential. He commented equalization and PL 874 are trade-offs.

GREENE
TESTIMONY

Mr. Greene advised they have serious concern about PL 874 going to the districts and eliminating local support. He stated it would create uneven distribution among REAAs. Discussion followed.

Another area of concern, Mr. Greene stated, is fund balance offset. During discussion, he stated this causes districts to deficit spend each year to be eligible. Another concern, he stated, is defense for some support of the fund unit. He urged the Committee take a look at fund balances for FY 79 before making a decision and, more importantly, he stated, look at the three previous years' balances. During discussion, Mr. Scott advised the subcommittee's bill does not speak to the \$22 million, only if it is increased.

[Representative Smith arrived at this time.]

In conclusion, Mr. Greene stated they are in support of separate elementary attendance areas, and providing for remote sites is good. He restated his position in preference to the formula the Task Force came up with because it is more equitable.

[The Committee recessed at 3:13 p.m. and reconvened at 3:29 p.m. Finance Committee members present after recess: Meekins, Rogers, Freeman, Moss, Smith, Montgomery, Haugen.]

RECESS

[Tape HFC 80-24, Side 2, #756]

At this time, Dr. John Pepper presented testimony indicating some beneficial concepts, he feels, would be agreeable to most districts.

PEPPER
TESTIMONY

[Representative McKinnon arrived at this time.]

Dr. Pepper indicated support of the unit value increase of 10% rather than the 7% and separate attendance areas for elementary schools.

[Representative Guy arrived at this time.]

[Tape HFC 80-25, Side 1, #001]

The third item Dr. Pepper stated he supports is equalization in the present formula. He indicated his fear of the proportion effect discussed. He commented the impact regarding property taxes. He stated he feels the Legislature should be specific and indicate, by example, how this will work in the bill, and that a full-scale study should be done before implementation of statewide equalization.

[Representative Schaeffer arrived at this time.]

Dr. Pepper commented there is no way to come out a perfect zero at the end of the year and again stated he feels this

is a policy matter for the Legislature to decide. He recommended a minimum of 5%--not more than 10%--of the budget is comfortable to have. Representative Moss asked if Dr. Pepper could live with wording that includes a time frame of 60 days, and Dr. Pepper indicated yes, that it would be fine.

In his concluding statement, Dr. Pepper advised most of the recommendations he favors are embodied in the committee substitute by Senator Ferguson, and he urged support of that bill.

[Tape HFC 80-25, Side 1, #248]

The last witness to testify on this bill was Wayne Taylor, who provided written copies of his testimony (see Attachment 6). He indicated he has previously testified before the subcommittee that the way the foundation formula is funded does not take into consideration districts such as his. He described cutbacks in maintenance areas they have affected and indicated there are no more places to cut back. He stated the bottom line for his district is that they need the money and that the method is inconsequential as long as it would be continuous year after year.

TAYLOR
TESTIMONY

[Representative Duncan arrived at this time.]

Mr. Taylor advised their bottom line for next year's budget is \$250,000, and even then they will be cutting staff. He urged passage of the bill as soon as possible.

[Tape HFC 80-25, Side 1, #370]

Chairman Meekins announced another hearing on the foundation formula would be scheduled as soon as possible.

CSSB 199
HELD OVER

HB 696 was brought up for consideration at this time:

HB 696 - "An Act relating to the individual tax credit allowed under the Alaska Net Income Tax Act; and providing for an effective date."

HB 696

Chairman Meekins outlined his plan of action on the tax bill as follows: to forge out a Finance Committee position on tax distribution; take it to caucus; assuming it receives the necessary 21 votes, move to the floor; if not, change it in manner so that it will. In addition, he proposed the Committee consider both sides of the following six questions:

1. Whether to suspend tax for four years?
2. How much money to distribute--\$200 million as proposed?
3. Whether to include duration of residency?
4. Whether to include minors (kids)?

5. Whether to combine tax relief and distribution into one bill?
6. Whether to connect the distribution to the permanent fund?

Representative Rogers added:

7. Whether to continue payable tax credits?

And Chairman Meekins added the final question:

8. Whether to make tax rebate retroactive to 1979?

The question on tax suspension for four years was called for, APPROVED and the motion carried (7 in favor; 4 opposed--Duncan, McKinnon, Rogers, Smith).

Referring to question No. 4, Representative Freeman moved distribution when a person reaches 18 years of age. Representative Guy objected for purposes of clarification. The question was called for, and the motion failed (5 in favor; 6 opposed). Discussion followed. DEFEATED

Representative Duncan moved all Alaskans, regardless of age, be eligible to receive distribution. Representative Freeman objected. The question was called for, and the motion failed (3 in favor--Duncan, Guy, Schaeffer; 6 opposed). (Later, the motion was made a second time, and it was approved.) DEFEATED

The permanent fund factor was discussed. Representative Rogers moved that the amount of distribution be at least equal to 50% of the earnings of the permanent fund. There being no objection, it was so ordered. APPROVED

Duration of residency was discussed, with Chairman Meekins indicating he favors no duration of residency as envisioned in Representative Freeman's proposal. Representative Freeman moved his proposal. Representative Moss objected for purposes of discussion. Representative Freeman explained his views on tying tax rebate to length of residency. He stated he feels the Legislature should "weigh very carefully and give special consideration" to the effect this will have on the longevity bonus. He advised he has been told if this passes, it will be challenged in court and thrown out as unconstitutional, and he fears it will jeopardize the longevity bonus now paid.

Representative Rogers brought up prorationing. Jim Baldwin explained the unconstitutional aspects of this and advised they would be "buying a long line of litigation if this is included." Representative McKinnon voiced his concern with not including a duration of residency. Referring to seasonal people, he stated, "not only don't we tax them, but give them money to go." Representative Duncan agreed and stated

he feels it will not be challenged in court, as the longevity bonus has been raised several times and never litigated. Further discussion followed.

Representative Smith requested, for the record, a vote be taken to determine those who favor distribution and those who do not. (This vote was not taken.)

Representative Rogers moved to distribute to residents, based on length of residency during the previous year, and that at the time of filing, they will have been a resident for at least 30 days, and that applications are due April 15. Representative Freeman objected, and Representative Rogers withdrew his motion.

WITHDRAWN

Arguing against duration of residency, Representative Freeman stated he feels the Legislature has to work out a rationale for this and suggested instead perhaps a cost-of-living allowance. He commented he is worried about Alaska's public relations as viewed by the other 48 states. He urged the Committee consider the long-range effects this would have.

Representative Haugen commented he feels "a horrendous bureaucracy" is being created with all kinds of programs aimed at giving back money. He referred to letters he has received from his constituency favoring a straight tax repeal, which he stated, he would not have agreed with a year ago. He urged drafting of "as pure and simple a bill as possible".

Representative Rogers moved to combine in a single bill the two issues of tax relief and distribution. Representative Smith objected. The question was called for, and the motion carried (6 in favor; 4 opposed).

APPROVED

Representative Duncan moved a second time to include all Alaskans below the age of 18 years of age. The question was called for and the motion carried (6 in favor; 5 opposed). (This motion was previously made and defeated.)

APPROVED

Representative Smith moved that the monies designated to children under 18 years of age be placed in trust and kept by the State until they reach majority, at which time they would receive their distribution in a lump sum plus 6% annual interest. Representative Schaeffer objected. The question was called for, and the motion carried (5 in favor; 4 opposed).

APPROVED

Representative Duncan moved to distribute the amount of \$200 million. The question was called for, and the motion carried (7 in favor; 3 opposed).

APPROVED

Representative Rogers moved to pay the four existing tax credits as additions to the basic payment; i.e., the residential fuel credit, the residential fuel conservation credit, the political campaign contribution credit and the household

APPROVED

and dependent care service credit at their current levels. The question was called for, and the motion carried (8 in favor; 3 opposed).

Representative McKinnon moved the State Affairs Committee version of duration of residency and that distribution be made retroactive to a maximum of five years. The question was called for, and the motion carried (8 in favor; 3 opposed). Chairman Meekins added the Committee did not adopt the \$115 credit, just the scheme. (See Attachment 7)

APPROVED

Representative Duncan moved to adjourn the meeting. There being no objection, it was so ordered. The meeting adjourned at 4:50 p.m.

ADJOURN

Tape HFC 80-24 Side 1 #001 - End
 Side 2 #001 - End
 80-25 Side 1 #001 - End
 Side 2 #001 - #528

Provides for major revisions to the school state aid statutes:

- * Establishes a minimum expenditure parameter of 55% of state aid for instruction, focusing legislative intent on the primary function of school districts.
- * Revises the current equalization process, providing state support for an equalized property tax mill levy per ADM, in an attempt to provide equal access to school funding through local tax wealth in districts where a property tax may be levied.
- * Establishes a property tax relief program, encouraging a roll-back in local millage levies for schools, replacing local support with state funds up to a specified limit.
- * Removes the area differential determination from the statutes, placing responsibility on the commissioner, through regulations, to contract with the University of Alaska for a biennial review and update of the tables.
- * Revises the current statutes requiring proration over all state aid programs if funds are insufficient, by establishing legislative intent as to a priority ranking on payments.
- * With three related changes, eliminates the distinctions in current statutes on funding of REAA's and city/borough districts -- eliminates PL-874 offset, eliminates in-lieu tax payment, establishes a 50% fund balance increase offset.

Provides for technical changes requested by the Department:

- * Payment floor for districts losing instructional units.
- * Authorizing remote schools to be calculated as if they were separate school districts.
- * Establishing area differential for the new Sand Point city school district.
- * Revises procedures for payment under final computation.
- * Revises definition of secondary school.

Provides for increases in state support by revising:

- * Instructional unit value.
- * Secondary instructional unit table.
- * Extending the separate count for each school to elementary schools.

PROPOSED HCS CSSB 199

FISCAL YEAR 1981

	<u>City/Borough</u>	<u>REAA</u>	<u>DDE</u>	<u>Total</u>
Secondary Table Change	6,286.9	7,193.1	-	13,480.0
Separate Elem. Sites	7,340.8	76.6		7,417.4
Eliminate 3% Local Effort	3,430.6	-		3,430.6
Increase Unit Value - 7%	12,658.0	5,319.9		17,977.9
Equalize Mill Value	5,000.0			5,000.0
Property Tax Relief	2,000.0	-		2,000.0
Biennial Area Difference	-	-	250.0	250.0
	<u>36,716.3</u>	<u>12,589.6</u>	<u>250.0</u>	<u>49,555.9</u>

FISCAL YEAR 1982

Secondary Table Change	5,573.9	186.0	-	5,759.9
Increase Unit Value - 5%	10,203.0	4,075.3		14,278.3
Eliminate In-lieu	-	(10,235.7)		(10,235.7)
Eliminate PL 874 Offset	-	17,873.5		17,873.5
	<u>15,776.9</u>	<u>11,899.1</u>	<u>-</u>	<u>27,676.0</u>
 TOTAL - 2 Year	 52,493.2	 24,488.7	 250.0	 77,231.9

PROPOSED HCS CS SB 199 - FINANCE

FISCAL YEAR 1981

Unit Value Increase

Section 12 - AS 14.17.056

Secondary Table Change

Section 8 - AS 14.17.041

Section 4 - AS 14.17.031

Elimination of Current 3% Equalization - Local Effort

Section 1 AS 14.17.021

Section 23 AS 14.17.071

Section 17 AS 14.17.140

Section 14 AS 14.17.080

Equalization of Property Tax Millage

Section 2 AS 14.17.023

Section 17 AS 14.17.140

Section 19 AS 14.17.225

Section 14 AS 14.17.080

Property Tax Millage Relief

Section 3 AS 14.17.024

Section 19 AS 14.17.225

Section 14 AS 14.17.080

55% Budget/Expenditure of State Aid for Instruction

Section 15 AS 14.17.081

Establishment of Sand Point School District Placement

Section 10 AS 14.17.051

Elementary Separate Sites

Section 5 AS 14.17.031(b)

FISCAL YEAR 1982

Elimination of REAA in lieu of local tax contributions

Section 22 AS 14.08.121

Section 20 AS 14.17.250(3)

Elimination of REAA PL 874 Offset Calculations

Section 22 AS 14.08.121

Section 22 AS 14.17.021(b)

Section 20 AS 14.17.250(3)

Establish 50% Offset Calculation for Increase in Fund Balance

Section 16 AS 14.17.082

Unit Value Increase

Section 13 AS 14.17.056

Secondary Table Change

Section 9 AS 14.17.041

Biennial Study for Revision of Area Differential Tables

Section 11 AS 14.17.052

BILL ANALYSIS

Section 1. One of the effects of certain parts of the bill is to incorporate funding provisions applicable to regional educational attendance areas (REAA) into AS 14.17, the Public School Foundation Program, and remove the current REAA funding provision found at AS 14.08.121. This change has made it necessary to clarify certain sections within AS 14.17 by specifying that they apply only to city and borough school districts or to REAAs. Section 1 amends AS 14.17.021 to make it clear that the section applies only to city and borough districts and takes effect July 1, 1980.

Section 2. This section takes effect July 1, 1981 and would boost state foundation payments to all city and borough school districts to 100% of computed basic need -- it would eliminate any required local effort.

Section 3. This section creates a new section within the Foundation Program to provide for funding of the REAAs. The funding formula is essentially the same as that currently established for the REAAs at AS 14.08.121, except that it adjusts the value of the in-lieu-of portion of REAA funding upward to compensate for the fact that it is based on the amount of prior year, rather than current year, local efforts by the city and borough school districts -- there is a built-in lag in the current REAA funding approach which operates to their detriment. The adjustment factor to be applied is tied to the percentage increase in the value of the instructional unit, as set by statute, from the prior to the current year. This section also provides a guaranteed floor for the in-lieu-of factor of the REAA funding formula for each year so that the REAAs can count on a certain minimum level of funding for budgeting purposes. This is necessary due to the fact that the Department of Education cannot determine the actual value for the prior year until the current year is more than one-half over. This section takes effect July 1, 1980.

✓ Section 4. This is a strictly technical change to AS 14.17.031(a)(1) made necessary by other portions of the bill (Sections 9 and 18) which adopt, effective July 1, 1980, a new single instructional unit schedule for all secondary schools, as recommended in the Task Force recommendations for changes in the foundation program.

Section 5. This section makes a variety of technical changes to AS 14.17.031(a) made necessary by another portion of the bill (Section 10) which revamps, effective July 1, 1981, the instructional unit schedules for elementary and all categorical programs (i.e., vocational, special, and bilingual education) in accordance with the Task Force recommendations.

✓ Section 6. This section, effective July 1, 1980, implements the Task Force recommendation that instructional units for elementary schools, as well as secondary schools, be computed separately for each school facility. This provision is included in the present version of SB 199.

✓ Section 7. This provision, dealing with special instructional unit computations in certain school districts experiencing reductions in student enrollment, is included in the present version of SB 199, subject to one new change. This bill would make it clear that the provisions dealing with loss of student enrollment do not apply where the reduction is the result of a change in the school district's boundaries. This section takes effect July 1, 1980.

✓ Section 8. This provision is also in the present version of SB 199. It would correct what appears to have been a legislative oversight in 1978 which eliminated a long-standing provision authorizing the Commissioner of Education to count separately the instructional units at schools in remote sites. This provision is made retroactive to July 1, 1978 to legitimize what the Department of Education has continued to permit administratively, even though its statutory authority to do so had technically been repealed.

✓ Section 9. As mentioned above (Section 4), this section implements, effective July 1, 1980, the Task Force recommendation that a new, single instructional unit schedule for secondary schools be established.

✓ Section 10. As mentioned above (Section 5), this section implements, effective July 1, 1981, all Task Force recommendations regarding changes in the instructional unit schedules for elementary and categorical programs (i.e., vocational, special, and bilingual education), in addition to the change made by Section 9, above, to the secondary school schedule a year earlier on July 1, 1980.

✓ Section 11. The Sand Point City School District, which was first created last year, is incorporated into the statutory section dealing with instructional unit allotments (area cost differentials) to provide that it is to receive the same area cost differential as the Aleutian Chain School District, of which Sand Point had been a part before organizing as a city school district. This section is retroactive to July 1, 1979.

✓ *addendum*
Section 12. This section sets the value of the base instructional unit for FY 81 at \$35,090.

Section 13. This section sets the value of the base instructional unit for FY 82 and after at \$38,599.

Section 14. This change makes it clear that the required local effort called for under the foundation program applies only to city and borough school districts. Although it takes effect July 1, 1980, it will be repealed July 1, 1981 (Section 19) when the provisions for required local effort by city and borough school districts are repealed.

✓ Section 15. This section, effective July 1, 1980, includes the REAAs within the definition of school districts for purposes of the foundation program.

no address

Section 16. This section, effective July 1, 1980, is inserted as a "hold harmless" provision to protect any school districts which might have relied on the provisions of AS 14.17.031(d) as they currently read (reduction in student enrollment) in establishing their upcoming budgets and who might be adversely affected by legislative adoption of certain of the changes proposed to AS 14.17.-031(d) by Section 7 of this bill.

chgs

Section 17. This section calls for a study of the area cost differentials to be contracted by the Department of Education, as recommended by the Task Force. This section would take effect immediately and would require the department to present the study and its recommendations on the study to the Legislature on or before January 15, 1981.

✓ Section 18. The section repeals, effective July 1, 1980, the funding provision for REAAs found in AS 14.08 and eliminates the dual secondary school instructional unit schedule approach currently contained in AS 14.17.041(d).

✓ Section 19. This section repeals, effective July 1, 1981, the provision of AS 14.17.071 dealing with required local effort of city and borough school districts and repeals AS 14.17.140 which requires the annual determination of taxable property in the city and borough school districts, since this information will no longer be necessary once required local effort by these districts has been repealed.

CITY--BOROUGH DISTRICTS	FY 1981					FY 82			
	Separate Elemen. Sites	Inst. Unit \$35,090 1070 Inc.	Task Force Secondary Formula 9/17	Total Increase	Per Cent Inc Fy 81	Capital Funding Increase	100% Basic Need	Elem Sched 1980-81	Inst Unit \$38,600 1070 Inc.
ANCHORAGE	4758.2*	6195.7	3939.0	14892.9	24.0	1945.9*	1270.6	1312.0*	
BRISTOL BAY		1016	1483	2499	24.5	49.4	20.4	49.4	
CORDOVA		1525	183.1	3359	22.0	36.7	166		
CRAIG		617	103.3	1650	26.7	68.9	30		
DILLINGHAM		156.8	247.2	4040	25.0	49.4	158		
FAIRBANKS	10361	19817	15006	45184	22.8	821.7	568.0	7146	
GALENA		937	1483	2420	25.8	148.3	21		
HAINES		1270	1834	3104	24.4	36.7	147		
HOONAH		784	1786	2570	22.8	35.7	27		
HYDABURG		481	689	1170	24.3	68.9	19		
JUNEAU	191.4	8864	7337	18115	20.4	319.0	1177	2552	
KAKE		722	1033	1755	24.3		112		
KENAI	275.6	15172	11369	29297	19.3	413.4	424	3445	
KETCHIKAN	159.5	5308	5104	12007	22.6	191.4	879	319	
KING COVE		618	957	1575	25.4		34.8		
KLAWOCK		240		240	10.0	34.4	15		
KODIAK	750	7151	4810	12711	17.8	370.0	72.2	1110	
MAT-SU	331.8	10635	10948	21901	23.4	331.8	199.1	2619	
NENANA		840	1765	1605	17.1	38.2	2.5		
NOME		3341	2967	6308	18.8	296.7	19.5		
NORTH SLOPE		8010	7717	15727	19.3	148.3	206.2	1978	
PELICAN		211		211	10.0		3.6		
PETERSBURG		1508	995	2503	16.6	66.3	19.1		
SAND POINT		476		476	10.0				
SITKA	232.2	3742	3649	9713	25.9	132.7	65.9	995	
SKAGWAY		606	1033	1639	27.0		12.8		
ST. MARY'S		790	494	1284	16.3		1.5		
UNALASKA		894	957	1851	20.1	4.8	15.8		
VALDEZ		2669	3302	5971	22.4	146.7	89.2		
WRANGELL		1278	1659	2937	22.9	33.2	16.7		
YAKUTAT		723	765	1488	20.6		5.4		
Total C/B	70598	163770	132571	366939	22.4				
READ'S	756	78920	65174	144850	18.3				
Unalaska	4135.1	240100	19774.5	511789	21.1				

* Without Base Schools
 ** DOE 1980-81 P. Sch. Foun. Recog.
 Comp. Initial Report Recog.
 One of the future forecast

Attachment 3

REAA'S DISTRICTS	Separate Elem Sites	Inst Unit #35,090 10% Inc. *	Task Force Secondary Formula 9/17	Total Increase	Per Cent Inc. FY '81	Cat. 900ical Funding Increase	100 to Basic Need	Elem Sch 1970-75	Inst Unit 386.00 10% Inc.
ADAK		332.7	223.3	456.0	19.2				
ALASKA GATEWAY		255.6	191.4	447.0	17.5	133.9			
ALEUTIAN REGION		164.2		164.2	10.0	47.8			
ANNETTE ISLAND		139.9	99.5	239.4	17.1	33.2			
BERING STRAIT		151.5	59.3	1050.2	22.9	197.8		99.4	
CHATHAM		120.0	103.3	223.3	18.6	34.4		34.4	
CHUGACH		35.8		35.8	10.0	38.3			
COPPER RIVER		282.1	183.4	465.5	16.5	101.1		110.1	
DELTA/GREELY	756	357.1	267.9	700.6	19.6	153.1		76.6	
IDITAROD		283.3	49.4	332.7	11.7	49.4			
KUSPUK		314.9	395.5	710.4	22.6	24.7			
LAKE & PENINSULA		404.6	148.3	552.9	13.7	173.0		98.8	
LOWER KUSKOKWIM		1266.8	1433.9	2700.7	21.3	791.1		145.2	
LOWER YUKON		778.9	642.8	1421.7	18.3	247.2			
NORTHWEST ARCTIC		966.6	1186.7	2153.3	22.2	370.8		93.8	
PRIBILOF		124.4	95.7	220.1	17.7	95.7			
RAILBELT		199.3	191.4	390.7	19.6			38.3	
SOUTHEAST REGION		268.5	68.9	337.4	12.6	34.4		206.7	
SOUTHWEST REGION		458.3	247.2	705.5	15.4	247.2		197.6	
YUKON FLATS		332.3	148.3	480.6	14.5	49.4		49.4	
YUKON/KUYUKUK		449.2	247.2	696.4	15.5	98.9		98.8	
Total	756	7892.0	6517.4	14485.0	18.3				

* DOE 1980-81 F.Sch Low. Prog Comp. Initial Report Recap.
Pre. Comp. of Entitlement

3-11-80

COMPARISON OF SENATOR FERGUSON'S PROPOSAL

Same language in both proposals:

- Sec. 4 - identifying statutes to determine # of instructional units
- 6 - incorporating separate elementary sites count
- 7 - payment floor for districts losing instructional units
- 8 - authorizing remote school calculation as separate districts
- 11 - establishing area differential for Sand Point
- 15 - revising definition of "school district"
- 18 - repealing AS 14.08.21 and 14.17.041(d)
- 19 - repealing AS 14.17.071 and 14.17.140

Issues addressed, but treated differently:

- Sec. 9 - change in secondary formula
- 12 - Instructional unit value increase - FY 81
- 13 - Instructional unit value increase - FY 82
- 17 - Area differential study and placement

Issues addressed only in Sen. Ferguson's proposal:

- Sec. 3 - establishing floor for in-lieu, and tying in-lieu per ADM value to percentage increase in instructional unit value
- 10 - changes in elementary, vocational, special and bilingual education formulas

Issues not addressed in Sen. Ferguson's proposal:

- Secondary School definition
- Elimination of in-lieu
- Elimination of PL-874 offset
- Equalization of mill value
- Property tax relief
- Minimum expenditures for instruction
- Deduction of state aid for fund balance increases

SB 199
Sen. Ferguson Proposal

3/6

Fiscal Year - 81

	City / Borough	REAA	DOE	TOTAL
Separate Elementary Sites	7,340.8	76.6	-	7,417.4
Secondary Table Change	13,488.6	6,517.8	-	20,006.4
Increase Unit Value - 10%	18,460.0	6,768.6		25,228.6
Area Differential Study	-	-	250.0	250.0
	39,289.4	13,363.0	250.0	52,902.4

Fiscal Year - 82

Categorical Formula Changes	14,114.6	4,365.6	18,480.2
Eliminate 3% Local Effort	3,430.6	-	3,430.6
Increase in In-lieu Base	-	1,023.6	1,023.6
Increase Unit Value - 10%	22,061.5	7,882.0	29,942.5
	39,605.7	13,271.2	52,876.9

Total - 2 year	78,895.1	26,634.2	105,779.3
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