

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2785

2732

HB 4 -- "An Act providing for reimbursement of taxes paid to a municipality for real property owned and occupied as a permanent place of abode; and providing for an effective date."

Chairman Cotten presented a proposed Finance CS for HB 4, and a sectional analysis of the Bill that was prepared by the Community & Regional Affairs (C&RA) Committee. (See attachment #1.) He invited the Chairman of that Committee to give an overview of the bill.

REPRESENTATIVE GRUSSENDORF said they were looking for some kind of tax program that would be equitable. He said they were looking at some way to take revenues and come up with some kind of tax relief program. He said the thinking was to simply take the average 1980 millage rate and make it a central factor in the formula. He said the second part would be taking a per capita value -- right now the per capita value is \$31,000 per individual.

Representative Grussendorf said he thinks this program gives the ability for municipalities to keep their bonding. He said it also requires a tremendous amount of local input. He explained the entitlement would allow them to reduce the requirements of local taxes from an area.

Chairman Cotten asked how they came up with the figure of 5% on page 2, line 12. Representative Grussendorf said the 5% is basically an arbitrary number. He said it could be anything.

Representative Rogers said he thinks a problem could arise in that same section if a community has substantial growth in a year. He recommended that on page 2, lines 11 and 14 after "collected", that "per capita" be added. There was discussion. Representative Carney said it appears to him there is nothing wrong with the amendment. He said it simply qualifies the 5%. Representative Grussendorf commented that type of growth doesn't have staying power, and he thinks the formula itself would take care of the problem.

Representative Rogers recommended that if "per capita" is added that the 5% figure be lowered to 2% so the per capital spending can't increase more than inflation. There was further discussion. Representative Grussendorf said the 5% figure was a maximum. He said they could say for growth above and beyond the consumer price index. He commented that he can't see the entitlement decreasing to any community.

Mr. PALMER McCARTER, Department of Community and Regional Affairs, presented a tax analysis based on census population. (See attachment #2.) There was brief discussion on the figures provided.

Representative Rogers said it seems this bill is much more equitable than other versions. He said he has heard the

Department doesn't like the bill, and he wondered why. Mr. McCarter said it is strictly a policy consideration. He said they don't like the bill, but they are not the policy makers. In terms of the technical aspects of the bill, Mr. McCarter said it appears at this point that the draft is mechanically feasible. He said in terms of section 1 of the bill, the fiscal note could be very nominal -- approximately \$35,000 to hire one person to handle the paperwork. Regarding section 2, Mr. McCarter said he believes the legislature's counsel has raised a concern on that. Mr. McCarter said the Department will continue to oppose the language contained in section 1.

Chairman Cotten explained he received a memo from legislative counsel indicating that section 2 violates the single subject rule. He explained that counsel claims that section 2 has nothing to do with the program of state aid dealt with in section 1.

Representative Rogers said section 2 was included in the bill at his request. He said his purpose was to allow the municipalities to pass tax relief on to property owners if they wish. If the Committee did not want to accept the language in the draft, he would recommend the following new language:

Sec. 29.92.055. RESIDENTIAL PROPERTY EXEMPTION.
Notwithstanding AS 29.53.025(a), a municipality which qualified for state aid for municipal tax reduction (AS 29.92) may exclude or exempt or partially exempt residential property from taxation by ordinance."

Representative Rogers said this language would take care of any question of constitutionality. Chairman Cotten said he would hate to lose the whole bill because of section 2. He said he agrees Representative Rogers' idea is good, but he thinks section 1 is the most important part of the whole bill. There was discussion.

Chairman Cotten MOVED that the work draft be accepted as a Finance CS for HB 4. Representative Meekins OBJECTED for the purpose of discussion. He said under this bill the money goes not just to residences but to all entities that pay property taxes, including commercial properties. Representative Grussendorf said that was correct. Representative Meekins said under this proposal people don't get a check from the state. Representative Grussendorf explained they will be getting a tax statement showing the level of municipal entitlement at which the state is participating. Representative Meekins asked what happens to the cost in terms of the total fiscal note. Representative Grussendorf said from what they can see now, it is essentially the same figure as under the original bill. There was brief discussion.

Representative Buchholdt said the original intent of the bill was to provide tax relief to the property taxpayer; and now the bill provides tax relief to the municipality.

Chairman Cotten said they still have the option of going with the C&RA CS. He said the problem is there has never been a majority of opinion supporting either version of the bill in this Committee. He said by passing the Finance CS out of Committee they would be allowing both concepts to be available for the full membership of the House to vote on. He said the Department has indicated both versions of the bill are mechanically in good shape. He said his intent is to get a bill out of Committee and to a vote on the floor. There was further discussion on both versions of the bill.

The QUESTION on Chairman Cotten's motion was called for. Six in favor, one opposed. The MOTION CARRIED.

Representative Rogers MOVED TO AMEND the Finance CS on page 2, lines 11 and 14 to add "per capita" after "collected" and change "five" to "two" on line 12. There being NO OBJECTION, it was so ordered.

Chairman Cotten MOVED to delete Section 2 of the CS. Representative Rogers OBJECTED. Chairman Cotten said he would find it very difficult to vote for a bill our own counsel has said is unconstitutional.

Representative Rogers MOVED TO AMEND the motion to change section 2 to the language he recommended earlier. Chairman Cotten OBJECTED. There was brief discussion. The QUESTION was called for. Three in favor, five opposed. The MOTION FAILED.

The QUESTION on the main motion was called for. Six in favor. The MOTION CARRIED. (Section 2 was deleted.)

RECESS

Chairman Cotten called for a recess at 4:10 p.m. and recalled the meeting to order at 4:15 p.m.

HR 4

Representative Rogers MOVED AND ASKED UNANIMOUS CONSENT that a Finance CS be prepared incorporating the amendments made at today's meeting, and that CSHB 4 (fin) be reported out of Committee. There being NO OBJECTION, it was so ordered. CSHB 4 (fin) was reported out with "individual recommendations".

ADJOURNMENT

The meeting adjourned at 4:17 p.m.

Tape HFC 81-38, side 1 #717 to end
side 2 #001 to end
HFC 81-39, side 1 #001 to end
side 2 #001 to 541



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Rep. Ben Grussendorf
Chairman
465-3870

Pouch V
State Capitol
Juneau, Alaska 99811

Sectional Analysis
CSHB 4 (Fin) Work draft copy

"An Act relating to municipal taxes and state aid for municipal tax reduction; and providing for an effective date."

Section 1:

Sec. 29.92.010. STATE AID FOR MUNICIPAL TAX REDUCTION

Amends Title 29 and directs the Department of Community & Regional Affairs to administer the funds to the municipalities and compute the entitlements due to the municipalities.

Explains the formula used in calculating the entitlements:

Entitlement = Average Millage Rate for 1980 (8.76) X Per Capita Value (full value of taxable real and personal property throughout the State divided by the population of the State; 1980 per capita value is \$31,790) X P (population of the municipality)

This would result in a 1980 Entitlement of 8.76 X \$31,790 or \$278.48 X population.

Sec. 29.92.020. QUALIFICATIONS

A municipality which does not levy property or sales and use taxes may qualify for an entitlement. Unorganized boroughs will not qualify; incorporated communities will qualify.

A municipality must collect no more from the levy of taxes than the amount collected in 1980 and reduce that amount by the amount of the entitlement.

A municipality may increase the amount of money collected from the levy of taxes and still be eligible for an entitlement if:

1. the amount collected is not more than 5% plus the annual percent of increase in the consumer price index based on the previous year's collections from the levy of taxes;
2. if the amount levied is greater than the percentage limit, the rate of levy must be approved by the voters who are subject to the increase;
3. if a new tax is levied which has been approved by the voters subject to the increase

Sec. 29.92.030. DETERMINATION OF POPULATION

The population of a municipality will be calculated by using the latest figures of the U. S. Bureau of Census or other population data which the Department of Community & Regional Affairs determines is reliable.

The population of each city located within the boundaries of a borough shall be subtracted from the population of the borough.

Sec. 29.92.040. MUNICIPAL TAX REDUCTION ACCOUNT

Money to carry out the provisions of this chapter shall be appropriated to the account and distributed by the Department of Community & Regional Affairs. If the amount appropriated is not sufficient to finance all entitlements, the funds shall be distributed pro rata.

Sec. 29.92.050. NOTICE TO TAXPAYERS

The governing body shall provide notification of property taxes that have been paid by the state:

_____ total amount of taxes due before entitlements minus
_____ amount of the reduction (paid by the State) equals
_____ amount of taxes remaining after State aid

The governing body shall provide notification of sales and use taxes that have been paid by the State. The notification shall be published in a newspaper of general circulation or posted in three public places.

Sec. 29.92.060. DEFINITIONS

Consumer Price Index (CPI) for Anchorage based on U. S. Department of Labor; Bureau of Statistics

Department refers to the Department of Community & Regional Affairs to administer the program

Municipality is defined again for purposes of the formula in determining qualifications for entitlements

Section 2

AS 29.53.025(a) is amended:

Removes limit for exemptions of residential property in municipalities if ratified by the voters.

Section 3:

July 1, 1981 - Effective date

TAX ANALYSIS - BASED ON CENSUS POPULATION

AT TAX COUNTY	CURRENT TAX SALES	TOTAL LOCAL TAX	GRUSENDOFF PLAN	BALANCE DUE	CURRENT AVERAGE MILL RATE	CURRENT SALES TAX RATE	NEW MILL RATE	NEW SALES TAX
791	-00-	72683791	8453292	24230499	1206	0	435	-0-
76	2146445	2492621	301593	2191028	94	3	552	26
543	5483308	19186851	8505336	10681515	1078	2	596	11
546	5732333	10223879	6276382	3947497	81	3	500	18
322	291243	490065	200227	289838	38	3	225	18
711	11506884	29900795	14981945	14918850				
335	119171	169506	191872	223667	55	1	0	0
400	276272	406672	277366	129306	63	3	20	95
735	395443	576178	469238	106940				
708	3296441	9856346	5425626	4430720	1220	3/1	485	96
518	3187688	9519206	3870872	5648334	250	2	246	117
196	341506	1221702	615719	605983	770	1	383	50
592	1279831	2881223	1204704	1676519	1302	3	759	173
686	33603	109289	131721	22432	1500	1	00	00
214	00	542214	512960	29254	1250	0	5	00
162	608774	1336936	646074	690862	84	2	37	1
168	5451402	5510570	6982051	8628519				
044	1326441	2713485	1141490	1571995	38	1.5	219	87
735	1742470	355205	2018423	1537782	100	2.5	431	108
777	3068911	6269690	3159913	3109777				

TAX ANALYSIS - BASED ON CENSUS POPULATION

1 Municipality	2 CURRENT TAX PROPERTY	3 CURRENT TAX SALES	4 TOTAL LOCAL TAX	5 GRUSSENDORF PLAN	6 BALANCE DUE	7 CURRENT AVERAGE MILL RATE	8 CURRENT SALES TAX RATE	9 NEW MILL RATE	10 NEW SALES TAX	11 C A
22 Kenora	7268379.1	-00-	7268379.1	18453292	24230499	12.06	0	4.35	-0-	4
3 BRISTOL 344	346176	2146445	2492621	301593	2191028	9.4	3	5.52	2.6	23
72 Fairbanks NSB	13703543	5483308	19186851	8505336	10681515	10.78	2	5.96	1.1	3
FAIRBANKS CITY	4491546	5732333	10223879	6276382	3947497	8.1	3	5.00	1.8	4
NORTH Pole City	198822	291243	490065	200227	289838	3.8	3	2.25	1.8	4
79 - Composite -	15393911	11506884	29900795	14981945	14918856					15
HAINES BOROUGH	50335	119171	169506	191872	< 223667	5.5	1	0	0	1
HAINES CITY	130400	276272	406672	277366	129306	6.3	3	2.0	.95	4
Composite	180735	395443	576178	469238	106940					3
7 JANEZ	6559908	3296441	9856346	5425626	4430720	12.20	3/1	4.85	.96	5
RENAI DEW	6331518	3187688	9519206	3870812	5648334	.50	2	2.46	1.17	3
HOMER	880196	341506	1221702	615719	605983	7.70	1	3.83	.50	5
RENAI	1601392	1279831	2881223	1204704	1676519	13.09	3	7.59	1.73	6
SELDONIA	75686	33603	109289	131721	< 224327	15.00	1	00	00	2
SEWARD	542214	00	542214	512960	29254	12.50	0	.5	00	2
GOLDOTNA	723162	608774	1336936	646074	690862	8.4	2	3.7	1	4
Composite	10159168	5451402	5610570	6982051	8628519					6
CHICKEN GATEWAY	1387044	1326441	2713485	1141490	1571995	3.8	1.5	2.19	.87	1
Ketchikan City	1813735	1742470	3556205	2018423	1537782	10.0	2.5	4.31	1.08	1
Composite	3200779	3068911	6269690	3159913	3109777					1

TAX ANALYSIS - BASED ON CENSUS POPULATION

TAX EXCT	CURRENT TAX SALES	TOTAL LOCAL TAX	GRASSEN DOEF PLAN	BALANCE DUE	CURRENT AVERAGE MILL RATE	CURRENT SALES TAX RATE	NEW MILL RATE	NEW SALES TAX	NEW TAX
19	00	1905949	1440020	465929	1130	00	258	00	19
20	2460509	3185109	1321666	1863443	320	50	188	292	67
19	2460509	5091058	2761686	2329372					51
17	00	6161857	3858062	2303795	82	0	276	0	34
27	407806	666613	596783	69830	147	2	3.37	121	31
	0	0	109443	<109443>	0	0	0	0	
	0	0	431087	<431087>	0	0	0	0	
4	407806	6828170	4995375	1832795					38
5	2115627	54560582	332783	54227799	102	3	89	1	1311
	149170	149170	690871	<541701>	0	3	0	0	6
	00	00	54304	<54304>	0	0	0	0	
	00	00	45949	<45949>	0	0	0	0	
	1548	1548	128379	<126831>	0	2	0	0	
	31183	31183	112506	<81324>	0	3	0	0	7
5	2297528	54742483	1364792	53377690					1315
8	2119403	3079131	2163511	915620	350	4	92	1.19	30
1	33150772	207130833	91059022	116071810					

TAX ANALYSIS - BASED ON CENSUS POPULATION

	1 CURRENT TAX PROPERTY	2 CURRENT TAX SALES	3 TOTAL LOCAL TAX	4 GRUSSEN DOEF PLAN	5 BALANCE DUE	6 CURRENT AVERAGE MILL RATE	7 CURRENT SALES TAX RATE	8 NEW MILL RATE	9 NEW SALES TAX RATE	10 NEW SALES TAX RATE
1 KODIAK ISLAND	1905949	00	1905949	1440020	465929	1130	00	2.58	00	19
2 KODIAK CITY	724600	2460509	3185109	1321666	1863443	320	50	1.88	292	67
3 COMPOSITE	2630549	2460509	5091058	2761686	2329372					51
4 MT - SH BODDACH	6161857	00	6161857	3858062	2303795	82	0	2.76	0	34
5 Palmer	253807	407806	666613	596783	69830	147	2	3.37	21	31
6 Houston	0	0	0	109443	<109443>	0	0	0	0	
7 Wasilla	0	0	0	431087	<431087>	0	0	0	0	
8 COMPOSITE	6420364	407806	6828170	4995375	1832795					38
9 NORTH SLOPE	52444955	2115627	54560582	332783	54227799	10.2	3	8.9	1	1311
10 (DPP)	0	149170	149170	690871	<541701>	0	3	0	0	6
11 WALTHER PASS	0	00	00	54304	<54304>	0	0	0	0	
12 SAKTOL	0	00	00	45949	<45949>	0	0	0	0	
13 (DPP)	0	1548	1548	128379	<126831>	0	2	0	0	
14 (DPP)	0	31183	31183	112506	<81324>	0	3	0	0	7
15 COMPOSITE	52444955	2297528	54742483	1364792	5337769.0					1315
16	959728	2119403	3079131	2163511	915620	350	4	.92	1.19	300
17 (BOKAISIS)	13980061	33150772	207130833	91059022	116071814					

TAX ANALYSIS - BASED ON CENSUS POPULATION

	CURRENT TAX SALES	TOTAL LOCAL TAX	GRANDTOTAL PLAN	BALANCE DUE	CURRENT MILL RATE	CURRENT SALES TAX RATE	NEW MILL RATE	NEW SALES TAX RATE	NEW TAX RATE
9	868286	1374285	545542	828743	150	4	8.48	24	70
10	0	7674456	883617	8790839	60	0	50	0	304
0	653125	11205845	605416	600429	11.4	5	45	248	55
6	107983	175999	145367	30632	12	3	1.4	5	33
5	422544	742639	427467	315172	10	3	28	128	48
	60248	60248	213315	<153067>	0	3	0	0	7
	74238	74238	188531	<114293>	0	3	0	0	10
	0	0	84379	<84379>	0	0	0	0	10
	57424	57424	152329	<94905>	0	3	0	0	10
16	89116	144472	128658	15814	12	1	1.2	11	31
	12072	12072	89392	<77320>	0	2	0	0	37
20	71000	126000	131164	<5164>	10	3	0	0	27
17	563672	1150799	632985	517814	15	3	4.1	135	50
13	71133	106086	50126	559610	75	3	3.3	158	58
20	925820	1651210	779744	871466	12.4	5	6.2	264	58
	0	0	105544	<105544>	0	0	0	0	0
	63144	63144	172379	<109235>	0	3	0	0	10
11	252859	577430	214151	363279	81	3	4.5	19	75
20	1117657	1570337	362302	1208035	140	1	6.3	8	120
19	53364	191043	125038	66005	137	2	5.2	7	42
42	5463685	18957727	6067446	12920281					

Prepared By
Approved By

TAX ANALYSIS - BASED ON CENSUS POPULATION

	2 CURRENT TAX PROPERTY	3 CURRENT TAX SALES	4 TOTAL Local TAX	5 GRUSSENDORF PLAN	6 BALANCE DUE	7 CURRENT TAX Mill Rate	8 CURRENT SALES TAX RATE	9 NEW Mill Rate	10 NEW Sales Tax Rate	11 FEE
DIFFERENT Rule Cities										
London	505999	868286	1374285	545542	828743	15.0	4	8.48	24	70
Waco	9674456	0	9674456	883617	8790839	6.0	0	5.0	0	304
Wangell	552720	653125	1205845	605416	600429	11.4	5	4.5	248	55
CLASS Cities										
22916	63016	107993	175999	145367	30632	12	3	1.4	5	33
229695	320695	422544	742639	427467	315172	10	3	28	128	48
22974	0	60248	60248	213315	<153067>	0	3	0	0	7
22974	0	74238	74238	188531	<114293>	0	3	0	0	10
22974	0	0	0	84379	<84379>	0	0	0	0	10
22974	0	57424	57424	152329	<94905>	0	3	0	0	10
22974	55356	89116	144472	128658	15814	12	1	12	11	31
22974	0	12072	12072	89392	<77320>	0	2	0	0	3
22974	55000	71000	126000	131164	<5164>	10	3	0	0	27
22974	587127	563672	1150799	632985	517814	15	3	4.1	135	50
22974	34953	71133	106086	50126	55960	75	3	3.3	1.58	58
22974	725390	925820	1651210	779744	871466	12.4	5	6.2	2.64	53
22974	0	0	0	105544	<105544>	0	0	0	0	0
22974	0	63144	63144	172379	<109235>	0	3	0	0	10
22974	324571	252859	577430	214151	363279	8.1	3	4.5	1.9	75
22974	452680	1117657	1570337	362302	1208035	14.0	1	6.3	.8	120
22974	137679	53364	191043	125038	66005	13.7	2	5.2	.7	42
22974	13494042	5463685	18957727	6037446	12920281					

TAX ANALYSIS (Based on Census population)

Second Class cities

<u>CITY</u>	<u>POP</u>	<u>GRUSSENDORF PLAN</u>	<u>LOCAL CURRENT</u>	<u>DIFFERENCE</u>
AKHIOK	105	29,240	0	<29,240>
AKIACHAK	438	121,974	\$15,817	<106,157>
AKIAK	198	55,139	16,698	<38,441>
AKOLMUIT	691	178,506	32,334	<146,172>
AKUTAN	169	47,063	29,074	<17,989>
ALAKANUK	522	145,367	77,120	<68,247>
ALEKNAGIK	154	42,886	5,072	<37,814>
ALLAKAKET	163	45,392	0	<45,392>
AMBLER	192	53,468	9960	<43,508>
ANDERSON	517	143,974	29,292	<123,682>
ANGDON	465	129,493	17,625	<111,868>
ANIAK	341	94,962	18,171	<76,791>
ANUIK	114	31,746	0	<31,746>
ATMAUTLUAK	219	60,987	1200	<59,787>
BETHEL	3576	995,844	959,645	<36,199>
BETH Mission	138	38,430	4532	<33,897>
BUCKLAND	177	49,290	19509	<29,781>
CHEFOINAK	230	64,050	23918	<40,131>
CHEVAK	466	129,772	53,510	<76,262>
CHUATHBALUK	105	29,240	0	<29,240>
CLARK'S POINT	79	22,000	15305	<6,695>
DEERING	150	41,772	5393	<36,379>
DELTA JUNCTION	945	263,164	0	<263,164>
DIOMEDE	139	38,709	0	<38,709>
EAGLE CITY	110	30,633	0	<30,633>
EEK	228	63,493	9555	<53,938>
ERUOK	77	21,442	3872	<17,569>
ELIM	211	58,750	598	<58,152>
ENIMAK	567	157,898	135,727	<22,171>
FORT Yukon	619	172,379	109,354	<63,025>
FORT Yukon Lodge	262	72,962	7290	<65,672>

TAX ANALYSIS

(CONT)

<u>City</u>	<u>POP</u>	<u>GUSSENDOFF PLAN</u>	<u>LOCAL CURRENT</u>	<u>DIFFERENCE</u>
GAEBELL	445	123924	21240	<102684>
GOLOVIN	87	24228	2700	<21528>
GOODNEWS BAY	168	46785	0	<46785>
GRAYLING	209	58202	0	<58202>
Holy Cross	241	67114	7723	<59395>
HOOPER BAY	627	174607	35980	<138627>
HUGHES	73	20329	4000	<16329>
HUSLIA	188	52354	10223	<42131>
KACHNIAK	403	112227	11726	<100501>
KALTAG	247	68785	0	<68785>
KASARI	25	6962	0	<6962>
KIANA	345	96076	11581	<84495>
KIVALINA	460	128101	7464	<120637>
KOBYK	62	17266	3252	<14014>
KOTLIK	293	81595	24975	<56620>
KOTZEBUE	2054	571,998	694913	122915
KOYUK	188	52354	3674	<48680>
KOYUKYK	98	27,291	0	<27291>
KUPREAND	47	13,089	1208	<11881>
KWETHLUK	454	126430	26239	<100191>
LARSEN BAY	168	46785	0	<46785>
LOWEE KALSKA	246	68506	0	<68506>
MANOKOTAK	294	81873	8482	<73385>
MCGRATH	355	98,860	10831	<88029>
MEKOLYUK	160	44557	37772	<6785>
MOUNTAIN VILLAGE	583	162354	0	<162354>
NAPAKIAK	262	72962	33092	<39870>
NAPASIAK	244	67949	0	<67949>
NEWHALEN	87	24228	2250	<21978>
NEW STUYANOK	331	92177	5016	<87161>
NEWTOK	131	36481	6300	<30181>
NIGHTMITE	119	33139	3140	<29999>
NIKOLAI	91	25342	0	<25342>

7785

2,724,930

27783

2151137

TAY ANALYSIS

CONT

City	POP	GRUSSENDOFF PLAN	LOCAL CURRENT	DIFFERENCE
VONDALTON	173	48177	0	<48177>
VOULIK	492	137012	33431	<103581>
NYLATO	350	97468	14642	<82844>
NUIOSUIT	208	57923	0	<57923>
OLD HARBOR	340	94683	4676	<90007>
OUZINKIE	173	48177	0	<48177>
Pilot Station	325	90506	28548	<61958>
PLATINUM	55	15316	0	<15316>
Point Hope	464	129,215	25013	<104202>
PORT ALEXANDER	86	23949	5951	<17998>
PORT HEIDEN	92	25620	5166	<20454>
PORT LIONS	215	59873	42361	<17512>
Quinhagak	412	114734	24647	<90087>
RUBY	197	54861	6857	<48004>
RUSSIAN MISSION	169	47063	4635	<42328>
SAINT MICHAEL	239	66557	16129	<50428>
SAINT PAUL	551	153,442	140508	<12934>
SAUDONGA	491	136,734	21967	<114767>
SAVIA	273	76,025	19765	<56260>
SAMMON BAY	250	69,620	19143	<50477>
SELAWIK	361	100,531	0	<100531>
SHAGELUK	131	36481	0	<36481>
SHAKTOOLIK	164	45670	3000	<42670>
SHELDON POINT	103	28683	0	<28683>
SISIMREEF	394	109721	12683	<97038>
THUNGNAK	202	56253	14010	<42243>
TEBBINS	331	92177	9160	<83017>
TANANA	338	94126	18682	<75438>
TELLER	212	59028	7107	2069
TENAKEE SPRING	138	38430	4047	<34383>
TOSIAK	470	130886	5357	<125529>
TOKSOOK BAY	333	92734	29481	<63253>
TULYKSAK	236	65721	9492	<56229>
	5968	2497404	590,489	<1942>

TAY ANALYSIS

(CON'T.)

<u>CITY</u>	<u>POP</u>	<u>GLUSSENDALE PLAN</u>	<u>LOCAL CURRENT</u>	<u>DIFFERENCE</u>
THUNAK	298	82987	17498	< 65489 >
UNALAKLEET	623	173493	77025	< 96468 >
UPPER KALSAG	129	35924	0	< 35924 >
WALES	133	37038	1680	< 35358 >
WHITE MOUNTAIN	125	34810	17777	< 17033 >
WHITTIER	198	55139	325680	270541
Page 4	1506	419391	439660	20269
Page 3	8968	2,497,406	590,464	< 1,906,942 >
Page 2	9785	2,724,930	973,793	< 1,751,137 >
Page 1	12317	3,430,034	1,599,182	< 1,830,852 >
TOTAL (2nd Class)	32576	9,071,761	3,603,099	< 5468662 >
TOTAL (H.R. 1st)	-----	6,037,446	18,957,727	12,920,281
BORENGHS		91,059,022	20,130,727	111,071,911
GRAND TOTALS		106,168,229	229,691,659	123,523,430

hf0413811355

HOUSE FINANCE COMMITTEE

April 13, 1981

1:55 p.m.

{Tape HFC 81-40, Side 1, #541}

PRESENT

Chairman Cotten called the meeting to order at 1:55 p.m. All members of the Committee were present. Representatives Buchholdt and Malone arrived later in the meeting. Also in attendance: Representatives Ray Metcalfe, Transportation subcommittee member, and Representative Vern Hurlbert; Jay Hogan, Director, Division of Legislative Finance; Mike Doogan, Administrative Assistant to Representative Freeman.

TRANSPORTATION BUDGET SUBCOMMITTEE RECOMMENDATIONS

Chairman Cotten turned the meeting over to Representative Freeman, chairman of the Transportation subcommittee.

Representative Freeman pointed out two main areas where the subcommittee recommendations vary from the Finance Committee budget guidelines: namely, the addition of 55 new positions and in the airports and ferries portion of the budget. The total Transportation budget, he added, consists of 2,250 positions and approximately \$84 million. He also noted 548 positions and \$22 million relating to transportation are involved in the General Government category of the budget, which is the reason he so strongly advocates Agency budgeting. He informed the Committee that during the middle of deliberations on the Transportation budget, Ron Lehr, Director of Budget and Management, indicated he would be sending down an amendment that would transfer these people from the General Government budget into the Transportation budget, and Representative Malone, General Government subcommittee chairman, was so informed. Shortly thereafter, he said, an amendment did come through, but the only part it dealt with was the Planning and Program section.

Representative Freeman also pointed out the House and Senate Finance Transportation Subcommittees worked together on the Capital Improvement Project (CIP) personnel and had a reasonable amount of success in identifying them. He explained the history on the CIP positions during the last Legislature when of 1,600, only 800 were filled through legislative process. He described the lawsuit that ruled that the Legislative Budget and Audit Committee (L/B&A) didn't have interim authority. Now, he continued, the CIP's are being put on board through RPX (Revised Program).

(Representative Buchholdt arrived at this time.)

Representative Freeman described what was happening in the highways section of the budget. He mentioned it would take around \$400 million to upgrade and rehabilitate existing highways. He discussed how much federal money would be available. In the Southeast transportation analysis, he noted, 127 miles and 26 bridges were identified as being below standard. That request is only for \$1,687,000, he said, and he and Senator Sturguleski sent a request in a letter on March 3 to the Department requesting the Commissioner submit a priority list of their projects and include federal-state matching funds. He indicated the subcommittee did not receive an answer, so it is difficult to assess the actual budget needs of the Department.

At this time, Jay Hogan presented an overview of the Transportation subcommittee recommendations. To achieve the 5% reduction and no new positions guidelines (see Attachment 1), Mr. Hogan explained the subcommittee used a 9% inflation factor over prior year in contractual and commodities and held travel to the prior year. Regarding contractual, Representative Rogers asked how this budget accounts for new roads that have come on line already and roads that will be coming on line next year. Mr. Hogan advised it does not make provision for the new roads; it is strictly tied to the prior years. Representative Rogers expressed concern that not enough operation funds are being added into the budget to cover maintenance and operation costs for expansion of new roads.

Referring to the airport program, Mr. Hogan advised the 9% inflation increase in contractual did not appear to allow any space for the rural aviation program, so the subcommittee used continuation levels for the Central, Interior, Southeast and Western Regions. There was discussion on the CIP positions, and Mr. Hogan explained the first three items listed in the Governor's budget amendment (GBA)--\$204,000--were CIP positions, not general funds but interagency receipts, that were a revision to the budget request by request of the Legislature. Some came in with the budget request this year, he said, and some were by the request of the subcommittee to the Department. Representative Rogers asked if the subcommittee applied a vacancy and turnover assessment, and Mr. Hogan indicated there was none taken in these CIP positions. Last year, he noted, the vacancy and turnover was determined to be excessive by the Department, but not this year.

Referring to the Western Region, Representative Adams commented he feels the highways and aviation priorities are backwards, in that he feels aviation should be No. 1 and highways last. Representative Freeman emphasized they are actually working against the Department's priorities.

(Representatives Moss and Meekins left the meeting at this time.)

Representative Montgomery questioned the 687 CIP positions listed on the GBA. Roughly, Mr. Hogan explained those same positions were included in last year's capital budget; they are still paid

out of capital this year and are only shown here to get them in the budget process. Representative Freeman suggested adding language this year that "puts teeth" in those CIP positions, because they are more than "for informational purposes".

(Representative Meekins returned to the meeting.)

For the past three years, Mr. Hogan advised, the appropriations bill has had a parenthetical number beside it, and if the Legislature included a section in the bill that the number was the top or ceiling, and it was enacted that way, then no one would be able to put in more positions. Also, if a fiscal note were funded, he said, then that position would be an appropriate addition.

During discussion, Representative Rogers commented he feels this would be a good move toward limiting further employees. Representative Freeman pointed out that, in discussions with Administration people, there is a difference of opinion as to how to hold the expense down; some believe a reduction in dollars is the solution, while others believe body count is the way to go. "The Legislature is the only body to determine that, and that is not the situation as far as the Department of Transportation is concerned," he said. Mr. Hogan indicated this is the problem the L/B&A has had with audits in the past. In answer to a question from Chairman Cotten, Mr. Hogan commented it is probably not illegal, but as long as this has not been spelled out, it's been done. Summarizing, Representative Rogers stated, under this proposal, no new positions would be created by RP or RPX, and these people would hire on under contract until the next legislative session, which would provide a check. He thought it a good idea.

{Tape HFC 81-40, Side 2, #001}

When the subcommittee reviewed this budget, Mr. Hogan continued, the CIP portion was "getting off 'Scott free' because there is no paperwork; all we have on the CIP budget is one-half is in the budget, and one-half is not." Representative Freeman advised the subcommittee encountered difficulties in "pinning down some of the other costs"; therefore, the subcommittee "agreed to recommend that the budget be shortfunded and (that the Legislature) write in recommendation that they (the Department) get their act together."

Representative Rogers asked if shortfunding also applied to the Planning and Program portion of the budget, and Representative Freeman advised the recommendation to fund 85% of full funding here came from the Senate side. However, he noted this part of the budget is still in the General Government budget category, because they have not yet heard from Administration.

Referring to shortfunding the CIP portion of the budget, Mr. Hogan mentioned the Committee might want to take into consideration that these are the people that do all the building

and that the audit intent of the L/B&A was to focus on the functions of the planners.

(Representative Malone returned to the meeting.)

Representative Haugen stated there should be a lapse or reconciliation account and a fiscal year-end financial report. This CIP struggle has gone on and on, he said, and suggested getting "a private accountant in here to clean it up, (because) if you cut the budget, then you have excuses."

(Representatives Adams and Carney left the meeting.)

Representative Montgomery asked the status of the court case between Budget and Management (Office of the Governor) and the Legislature. Mr. Hogan replied they are still awaiting a decision by the superior court. He described the situation that happened last year where the Legislature had been adjourned no more than four days when the Department of Transportation processed a budget amendment, dated June 10. It was signed off by Budget and Management, he said, who does not go through the L/B&A. "It is futile for us to fight over bodies when we don't have any control over it," observed Representative Freeman.

RECESS

(Chairman Cotten called a recess at 3:00 p.m. and reconvened the meeting at 3:15 p.m. Members not present after the recess: Representatives Adams and Buchholdt.)

Representative Freeman pointed out that "55 new positions were added to Anchorage International Airport because of the North-South runway and new terminal and all the equipment that went with it, and this seemed justified." He indicated this was a request of the Department. Mr. Hogan noted this was funded from the International Airport Revenue Fund (IARF) and would cover maintenance and security for the fire station, the runway and the terminal. He advised expected occupancy for the new terminal is at the very end of 1982. There was discussion on the custodial services, and Mr. Hogan explained right now they are budgeted with the 57 employees.

(Representative Meekins returned to the meeting.)

There was brief discussion on the IARF and how this works. Mr. Hogan explained that both Anchorage and Fairbanks participate in this and that the users of the airport--airlines, carriers and consumers--pay certain charges, such as landing fees, fuel and at duty-free shops, which goes into the IARF.

Representative Metcalfe pointed out a situation brought to his attention where the Skycaps were not being treated fairly under their contract agreement; i.e., they low bid, but the bid was never accepted, and they are trying to operate under these circumstances. Mr. Hogan indicated a statement of intent could

be put into effect regarding their status and that the contract be negotiated. Chairman Cotten requested Representative Metcalfe check into this further and make a recommendation to the Committee.

Chairman Cotten continued discussion on the IARF. Representative Freeman advised the balance goes to Fairbanks, and observed "Anchorage is the money-maker, and Fairbanks is the loser." Mr. Hogan responded there are projects that can be done out of surplus cash from the IARF rather than bonds, but noted "you would have a good faith problem with diverting funds to other projects." Chairman Cotten inquired if there were any discussion on converting ownership from State to municipality, and Representative Freeman responded the subcommittee asked that question and "received a lack of enthusiasm to talk about it."

Continuing the overview of the subcommittee recommendations, Representative Freeman advised, "The other area where we deviated from the formula is in Marine Transportation." He stated this budget is based on how many voyages a vessel is going to make in a year and goes from there, and the U.S. Coast Guard determines the personnel. The subcommittee requested and received a ferry schedule and based the budget on that, he said. Also, he added, the Legislature doesn't have too much control over the commodities, such as fuel. Therefore, he advised, this area was "funded pretty much at the Governor's level." However, he pointed out, the subcommittee did add two reservations clerks in Seattle for Southeast.

During discussion of marine employees, Representative Freeman explained sometimes a position is filled by two or three people, and whether or not the vessel is sitting in dock or out sailing is irrelevant, because a crew is required on board at all times.

Representative Haugen asked about the \$400,000 appropriation last year to make the Kake terminal accessible to the vessels and if that were going to work. Representative Freeman replied the subcommittee did not discuss the capital budget.

Chairman Cotten and Representative Meekins indicated they support the subcommittee recommendations.

(Representative Carney returned to the meeting.)

Representative Haugen asked if there were any discussion on the condition of the engines as some are getting to the point where they ought to be replaced. Mr. Hogan noted two items in the capital budget are replacement engines for the Columbia.

{Tape HFC 81-41, Side 1, #001}

(Representative Moss returned to the meeting.)

In conclusion, Representative Freeman brought up two additional requests; one from Representative Moss (see Attachment 2) for

\$204,400 for maintenance of the Steese and Taylor Highways if
opened one month earlier and closed one month later; and one from
Representative Hurlbert (see Attachment 3) for \$95,000 for
maintenance of the road between St. Mary's and Mt. Village.

Representative Moss advised his proposal is at the request of
miners and would mean the highways would be open from April 1
through November 1. Representative Freeman also noted a request
by Representative Malone to repeat intent language of last year--
no additional funds. Referring to the Kenai Highway in the
Southcentral Region, Representative Malone stated he would like
that language again spelled out or specified in the budget.
Representative Freeman advised this concludes the Transportation
subcommittee recommendation.

(Representative Rogers returned to the meeting.)

When cutting general funds, Representative Rogers inquired why
Fairbanks International Airport funds were cut and Anchorage was
not. He indicated, "This is a very hot issue in his district--
that Anchorage receives the lion's share." Representative
Freeman stated this was not intentional but probably an
application of formula. He indicated he wouldn't quarrel with
Representative Rogers arguments.

Chairman Cotten and Representative Malone requested the projected
fund balance of the IARF.

In the past, Representative Rogers continued, Fairbanks
International Airport has not been generating as much money as it
uses. However, with the completion of the hydro-fuel injection,
he said, this situation should be remedied.

Mr. Hogan pointed out the Governor's supplemental for the North
Slope Borough has yet to be brought up. Representative Rogers
indicated this is an eventual \$26 million project, but that \$8
million is needed for resurfacing this summer to bring the roads
up to secondary standards. He stated he has prepared a workdraft
supplemental on this, and in addition, expects a budget amendment
for the North Slope Haul Road. Maintenance is not affected, he
said, but Public Safety, Environmental Conservation and Fish and
Game are impacted by this. Beginning July 1, it is opened from
the Yukon River to Dietrich Camp, he added. "Because of the
opening of this road," Representative Moss indicated he will "be
back asking for a new schoolhouse, (as) the opening of this road
affects a lot of things."

ADJOURNMENT

Chairman Cotten advised the Committee would address the supplemental (HB 488) for the operation of the Legislature tomorrow morning at 8:30 a.m. He indicated they would also finalize the Transportation budget at that time. There being no further business to come before the Committee, the meeting adjourned at 4:00 p.m.

Tape HFC 81-40, Side 1, #541 - End
Side 2, #001 - End
HFC 81-41, Side 1, #001 - #392



Alaska State Legislature

House of Representatives

Committee on Finance

Pouch V
State Capitol
Juneau, Alaska 99811

TO: SUBCOMMITTEE CHAIRS
HOUSE FINANCE COMMITTEE

FROM: SAM COTTEN, CHAIRMAN *SC*
HOUSE FINANCE COMMITTEE

DATE: MARCH 11, 1981

RE: GUIDELINES IN DEVELOPMENT OF BUDGETS

In developing and reviewing the budget submitted by the Governor please use the following guidelines:

1. No new positions.*
2. 5% under Governor's budget.
3. Do not appropriate for anticipated federal funds shortfall.
4. Fully appropriate on formal funding.
5. New legislation considered by fiscal note by committee.

If you have any questions I will be happy to answer them.

* If the positions are necessary then be prepared to justify them to the full committee.

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

March 26, 1981

JAY S. HAMMOND, GOVERNOR

POUCH AM
JUNEAU, ALASKA 99811
PHONE: (907) 465-2211

Honorable Sam Cotten
Chairman, House Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

FY 82 Budget Amendment # B091403

Transportation Category

Department of Transportation and Public Facilities

Highway and Aviation Maintenance and Operations Program

Increase of \$2,075,900 GF

Dear Representative Cotten:

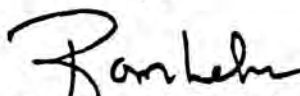
Please amend the Governor's FY 82 budget to include an additional \$2,075,900 in general funds for the Department of Transportation and Public Facilities for various regional maintenance and operations components listed below. This increased funding is necessary to provide highway and airport maintenance and repair activities above the minimum level now provided. This addition will restore part of a reduction made in the M&O budgets during the FY 81 budget preparation and carried through in the FY 82 continuation calculations. Some economies have been accomplished, but experience so far has shown that the department cannot absorb the entire reduction without a detrimental effect on repair and preventive maintenance activities. An FY 81 supplemental for this purpose has also been requested.

In order to preclude future amendment requirements, the department has indicated that the FY 83 Budget will be based on a lane-mile cost formula for highways.

The components and amounts requested are as follows:

<u>BRU</u>	<u>Component</u>	<u>Workbook Page No.</u>	<u>Amendment</u>
Central Region M&O	Highways	364	\$1,046,400
Interior Region M&O	Highways	485	426,300
Southeast Region M&O	Highways	587	100,000
Western Region M&O	Airports	633	59,700
Western Region M&O	Highways	653	99,000
Southcentral Region M&O	Airports	700	44,300
Southcentral Region M&O	Highways	717	300,200

Sincerely,



Dr. Ronald D. Lehr
Director

539

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

JAY S. HAMMOND, GOVERNOR

POUCH AM
JUNEAU, ALASKA 99811
PHONE: (907) 465-2211

March 27, 1981

Honorable Sam Cotten
Chairman, House Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

FY 82 Budget Amendment #B091405
Transportation Category
Department of Transportation and
Public Facilities
Anchorage International Airport BRU
Increase of \$1,124,000 IARF

Dear Representative Cotten:

Please amend the Governor's FY 82 budget to include an additional \$1,124,000 in International Airport Revenue Funds for the Anchorage International Airport BRU, in the Building Maintenance, Security and Custodial components. This increased funding will provide for the opening of the new terminal building in January 1982 rather than June 1982 as was scheduled when the FY 82 budget was originally prepared.

The components and amount requested are as follows:

<u>BRU</u>	<u>Component</u>	<u>Amendment</u>
Anchorage International Airport	Building Maintenance	\$524,900 IARF
Anchorage International Airport	Security	\$138,900 IARF
Anchorage International Airport	Custodial	\$460,200 IARF

Sincerely,

Ronald D. Lehr
Dr. Ronald D. Lehr
Director

Attachments

cc: Jalmar Kerttula, President of the Senate
Jim Duncan, Speaker of the House

540

Attachment 1

4-13-81

STATE OF ALASKA

OFFICE OF THE GOVERNOR

JAY S. HAMMOND, GOVERNOR

BUDGET & MANAGEMENT

POUCH AM — JUNEAU 99811
PHONE 465-2213

March 5, 1981

Jay Hogan, Director
Legislative Finance Division
Pouch WF
Juneau, Alaska 99811

FY 82 Technical Budget Amendment # TBA 091401
Department of Transportation & Public Facilities
Aviation Design & Construction BRU
Transportation Category
Central Region Facilities Planning BRU
General Government Category

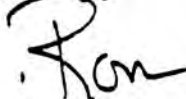
Dear Jay:

Please amend the Governor's FY 82 operating budget to transfer one position from the Aviation Design and Construction BRU, Aviation Director Component (Workbook page 1535 - Transportation) to the Central Region Facilities Planning BRU (Workbook page 2016 - General Government).

This transfer will help DOT/PF to consolidate its capital planning and control functions in one organizational unit.

Your assistance in implementing this request is appreciated.

Sincerely,



Dr. Ronald D. Lehr
Director

STATE OF ALASKA

Department of Transportation and Public Facilities
OFFICE OF THE COMMISSIONER

504
Control

JAY S. HAMMOND, GOVERNOR

Pouch Z
Juneau, Alaska, 99811
(Telex 45-328)
(907) 465-3900

April 1, 1981

Jay Hogan, Director
Division of Legislative Finance
Legislative Affairs Agency
Pouch WF
Juneau, Alaska 99811

Dear Mr. Hogan:

Per your request we have again identified all of our CIP positions, and provided the forms necessary to include them in the Department of Transportation and Public Facilities' Operating Budget.

If you have any questions regarding this material, feel free to contact me.

Sincerely,


Robert W. Ward
Commissioner

cc: Ron Lind
Chuck Taylor
Ronald Lehr
Charles Heussler
Jon Scribner
Ray Shumway

Attachment: Manual on CIP Positions

542

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

SENT ON 3/11/81
@ 11:55 A.M.

Moss request

FISCAL NOTE

I. REQUEST

Bill/Resolution No. None Assigned

Title M&O Costs for Opening Portions of Steese & Taylor Highways April 1 thru Oct. 31

Requested by Rep. Pappy Moss

Date 3/3/81

II. FISCAL DETAIL

Agency Affected DOT/PF

Program Category Affected Maintenance and Operations

BRU, Program, or Subprogram(s) Affected _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY81	FY82	FY83	FY84	FY85	FY86
100 PERSONAL SERVICES		95.4				
200 TRAVEL						
300 CONTRACTUAL		101.0				
400 COMMODITIES		8.0				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL		204.4				

FUNDING (Thousands of Dollars)

GENERAL FUND		204.4				
FEDERAL FUNDS						
OTHER(Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

SENT ON 3/11/81
@ 11:55 A.M.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. None Assigned

Title M&O Costs for Opening Portions of Steese & Taylor Highways April 1 thru Oct. 31

Requested by Rep. Pappy Moss

Date 3/3/81

II. FISCAL DETAIL

Agency Affected DOT/PF

Program Category Affected Maintenance and Operations

BRU, Program, or Subprogram(s) Affected

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY81	FY82	FY83	FY84	FY85	FY86
100 PERSONAL SERVICES		95.4				
200 TRAVEL						
300 CONTRACTUAL		101.0				
400 COMMODITIES		8.0				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL		204.4				

FUNDING (Thousands of Dollars)

GENERAL FUND		204.4				
FEDERAL FUNDS						
OTHER(Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached separate breakdowns for Taylor Highway and Steese Highway

IV. DATE March 11, 1981

PREPARED BY Dave Truax

AGENCY DOT/PF, Div. of Planning & Programming

PHONE 479-4284

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/80)

In reference to the additional operating costs which would be incurred if the Steese and Taylor Highways were opened one month earlier and closed one month later than normal, we offer the following comments for your consideration.

TAYLOR HIGHWAY

Personnel

The three stations responsible for maintenance of the Taylor Highway are staffed with four, 7 month, W.G. 53 operators; one, 4 month, W.G. 57 laborer; and one, 7 month, W.G. 51 Highway Maintenance foreman. If an extended springtime operation beginning March 1st is implemented, Harold Johnson has indicated that no additional positions will be required. The impact of the additional two month operation is as follows:

Wages; 10 man-months	\$24,400	
Subsistence; 5 steps, 61 days	3,500	
Sub-total	\$27,900	
plus 37% benefits	10,300	(rounded to nearest \$100)
plus 5% overtime	2,000	
Total Additional Personnel Cost	<u>\$40,200</u>	

Travel

No change over current costs is anticipated.

Contractual

Mr. Johnson has indicated that no additional equipment will be required to accommodate the extended opening period. Last year, \$130,000 was paid to the Highway Working Capital Fund for equipment operating fees. This season the same usage will cost \$148,200. With the extension of the open period by two months, a 30% increase in operating expense is estimated.

Total Additional Operating Fees = $30\% \times \$148,200 = \$45,000$ (rounded to nearest \$1,000).

Commodities

An average of \$1,200 per month was spent on commodities during FY-80. Increased fuel purchases for generation and thawing operations will require an additional \$4,000 for extended operations.

In reference to the additional operating costs which would be incurred if the Steese and Taylor Highways were opened one month earlier and closed one month later than normal, we offer the following comments for your consideration.

TAYLOR HIGHWAY

Personnel

The three stations responsible for maintenance of the Taylor Highway are staffed with four, 7 month, W.G. 53 operators; one, 4 month, W.G. 57 laborer; and one, 7 month, W.G. 51 Highway Maintenance foreman. If an extended springtime operation beginning March 1st is implemented, Harold Johnson has indicated that no additional positions will be required. The impact of the additional two month operation is as follows:

Wages; 10 man-months	\$24,400	
Subsistence; 5 steps, 61 days	3,500	
Sub-total	<u>\$27,900</u>	
plus 37% benefits	10,300	(rounded to nearest \$100)
plus 5% overtime	<u>2,000</u>	
Total Additional Personnel Cost	<u>\$40,200</u>	

Travel

No change over current costs is anticipated.

Contractual

Mr. Johnson has indicated that no additional equipment will be required to accommodate the extended opening period. Last year, \$130,000 was paid to the Highway Working Capital Fund for equipment operating fees. This season the same usage will cost \$148,200. With the extension of the open period by two months, a 30% increase in operating expense is estimated.

Total Additional Operating Fees = $30\% \times \$148,200 = \$45,000$ (rounded to nearest \$1,000).

Commodities

An average of \$1,200 per month was spent on commodities during FY-80. Increased fuel purchases for generation and thawing operations will require an additional \$4,000 for extended operations.

STEESE HIGHWAY

Personnel

The impact of extended operations on the Steese Highway includes the addition of two extra employees during the first month of operation. Work assignments would include extensive culvert thawing and drift clearing during this time period. Total impact to personnel costs is as follows:

Wages; 14 man-months; Existing	\$34,200
Crew of 2-52; 3-53; 2-54	
Subsistence; 2 @ 4 steps; 5 @ 5 steps 61 days	<u>4,600</u>
Sub-total	<u>\$38,800</u>

Plus 37% benefits	14,400 (rounded to nearest \$100)
Plus 5% overtime	<u>2,000</u>
Total Additional Personnel Cost	<u>\$55,200</u>

Travel

Minimal increases in travel and per diem are expected.

Contractual

Equipment operating fees are expected to increase in direct proportion to the time period covered. Last years seven month operation cost \$172,000. The same usage during 1981 will cost \$196,000. With the season extended one month on each end, equipment useage will cost \$252,000 for an additional cost of \$56,000.

Commodities

Increased fuel usage at Steese Mobile and Central Stations will require an additional \$4,000 for the extended period.

Increased operating cost for opening the Steese and Taylor Highways one month earlier and closing them one month later are summarized below.

ADDITIONAL COSTS

100 Personnel	\$40,200	\$ 55,200	\$ 95,400
200 Travel	-0-	-0-	-0-
300 Contractual	45,000	56,000	101,000
400 Commodities	<u>4,000</u>	<u>4,000</u>	<u>8,000</u>
TOTALS	\$89,200	\$115,200	<u>\$204,400</u>

Plus 37% benefits	14,400 (rounded to nearest \$100)
Plus 5% overtime	<u>2,000</u>
Total Additional Personnel Cost	<u>\$55,200</u>

Travel

Minimal increases in travel and per diem are expected.

Contractual

Equipment operating fees are expected to increase in direct proportion to the time period covered. Last years seven month operation cost \$172,000. The same usage during 1981 will cost \$196,000. With the season extended one month on each end, equipment useage will cost \$252,000 for an additional cost of \$56,000.

Commodities

Increased fuel usage at Steese Mobile and Central Stations will require an additional \$4,000 for the extended period.

Increased operating cost for opening the Steese and Taylor Highways one month earlier and closing them one month later are summarized below.

ADDITIONAL COSTS

100 Personnel	\$40,200	\$ 55,200	\$ 95,400
200 Travel	-0-	-0-	-0-
300 Contractual	45,000	56,000	101,000
400 Commodities	<u>4,000</u>	<u>4,000</u>	<u>8,000</u>
TOTALS	\$89,200	\$115,200	<u>\$204,400</u>

Doogan 4/13



Official Business

Alaska State Legislature

House of Representatives

MEMORANDUM

April 8, 1981

Pouch V
State Capitol
Juneau, Alaska 99811

TO: Representative Oral Freeman, Chairman
House Finance Committee, Transportation Subcommittee

FROM: Representative Vern Harlbert *Vern Harlbert*

RE: Maintenance of road between St. Mary's and
Mt. Village - \$95,000

The Cities of St. Mary's and Mt. Village are requesting funding for maintenance of the road between Mt. Village and St. Mary's. The road being approximately 25 miles in length, is actively used by residents of both cities.

Funding for maintenance would provide snow removal all winter and minor grading in the summer. Presently, the road is closed during the winter and the road condition is quite rough in the summer. Other than for passenger travel in the summer time the road is also used for transporting fish, that are processed in Mt. Village, to St. Mary's where a longer air strip enables the processed fish to be transported to Anchorage.

For FY 83, the Governor has recommended 2,750,000 be appropriated to resurface the road. The cost for maintenance will be \$70,000 per year after the work on the road is accomplished. We are asking for \$95,000 to maintain the road this year and hope that funding will be approved for resurfacing next year.

Thank you for your consideration.

547

HOUSE FINANCE COMMITTEE

April 14, 1981

8:45 a.m.

(Tape HFC 81-41, side 1 #392.)

PRESENT

All Members of the Committee were in attendance except Representatives Moss, Malone and Adams. (Representative Buchholdt arrived later in the meeting.) Present to testify was Dick Berg, Director of Administrative Services, Legislative Affairs Agency.

HB 488

Chairman Cotten called the meeting to order and brought HB 488 up for consideration.

HB 488 -- "An Act making a supplemental appropriation for the operation of the legislature; and providing for an effective date."

Mr. DICK BERG, Director of Administrative Services, Legislative Affairs Agency, briefly explained the bill appropriates \$1,853,500 for the operation of the legislature from the 87th to the 125th day. He said he believes the House put in additional money for salary increases.

Chairman Cotten commented there has been some discussion on salary equalization for staff; however, in order for that to happen there has to be some discussion between both houses.

(Representative Buchholdt arrived at this time.)

Chairman Cotten asked what it cost a day to operate the Legislature. Mr. Berg said \$40,558. Representative Meekins asked how much had been spent so far this session. Mr. Berg said \$1,786,318 through the 31st, plus they have encumbrances of \$284,690.

Chairman Cotten asked if, with the exception of the Legislative Finance Division, this included all the money the legislature is spending. Mr. Berg said that figure covers everything except equipment. He said it also does not include any of the permanent staff.

Chairman Cotten said they have included an extra \$300,000 in the figure in case they come to an agreement with the Senate on salary increases. There was further discussion on the supplemental appropriation.

Chairman Cotten MOVED TO AMEND the bill to include a new section appropriating \$95,000 to the Legislative Finance Division. He explained this amount is to cover the additional costs due to the change to a co-chairmanship in the Senate Finance Committee. There was brief discussion. There being no objection, it was so ordered.

Representative Rogers MOVED TO REPORT OUT a Finance CS incorporating the amendment. There being no objection, CSHB 48 (fin) was reported out with a "do pass" recommendation.

ADJOURNMENT

The meeting adjourned at 8:55 a.m.

Tape HFC 81-41, side 1 #392 to #565

HOUSE FINANCE COMMITTEE

April 14, 1981

2:45 p.m.

{Tape HFC 81-41, Side 1, #565}

PRESENT

Chairman Cotten called the meeting to order at 2:45 p.m. All members of the Committee were present, except Representative Malone. Representatives Buchholdt, Carney and Moss arrived later in the meeting. Also in attendance: Representative Ray Metcalfe, Transportation subcommittee member; Jay Hogan, Director, Division of Legislative Finance; Mike Doogan, Administrative Assistant to Representative Freeman.

TRANSPORTATION BUDGET CLOSEOUTS

Chairman Cotten turned the meeting over to Representative Freeman, Transportation subcommittee chairman.

Representative Freeman called attention to a request from Representative Metcalfe that Mr. Hogan indicated should probably go in the capital budget under grants. The only problem with this, Chairman Cotten commented, is that in some cases it is already being done, and that unless this is specified, it may give precedence to not addressing the whole area. There was brief discussion.

Representative Freeman moved that the recommendations of the Transportation subcommittee, which included shortfunding or "Freemanizing" the Program Design and Planning portion to 85% and intent language on the CIP positions, be approved with the following amendments:

- 1) Representative Rogers' request that Fairbanks International Airport be funded at the same level as Anchorage, as this was an oversight on the part of the subcommittee;
- 2) Representative Moss' request to add \$204,400 for maintenance of the Steese and Taylor Highways, opened one month earlier and closed one month later (April 1 - November 1); and
- 3) Representative Hurlbert's request for \$95,000 to maintain the road between St. Mary's and Mt. Village.

(Representative Buchholdt arrived at this time.)

Representative Rogers objected for purposes of discussion. He stated his concern was with not appropriating enough funds to cover maintenance and operation of those new roads and airports

coming on line. Representative Freeman indicated no problem with "any legitimate argument for additional (funds)."

Referring to the Western Region, Representative Adams requested highway funds in his district be cut from 18.2% to 3.3%.

(Tape HFC 81-41, Side 2, #001)

Representative Rogers moved an amendment to the Transportation budget for New Highway and Airport Maintenance and Operation that would add \$2,025,000 (see Attachment 1), representing 90% of the continuation figures for the regions listed on shortform pages 30-56. Chairman Cotten objected for purposes of discussion. He indicated this would put back the money Representative Adams recommended cutting in his region. Representative Adams did not object. There was further discussion.

(Representative Metcalfe arrived at this time.)

The question on Representative Rogers' amendment was called for, and the motion carried (5 in favor--Rogers, Buchholdt, Adams, Meekins & Carney; 4 opposed--Cotten, Freeman, Haugen & Montgomery).

RECESS

(Chairman Cotten called a recess at 3:15 p.m. and reconvened the meeting at 3:30 p.m. Representative Moss arrived during this time.)

Representative Carney moved all new positions be removed from Juneau and Douglas. Representatives Rogers and Cotten objected. Representative Freeman pointed out that the subcommittee allowed new positions only in Anchorage and two in Seattle for Southeast reservations clerks. Jay Hogan indicated he is not aware of any new positions transferred from Anchorage to Juneau. Representative Carney withdrew his motion.

Representative Moss referred to a letter, dated April 19, from the Valdez Chamber of Commerce indicating they are losing some employees in the Design and Construction area. Representative Freeman indicated he is well aware of this situation, which involves the reorganization, or lack of organization, in the Department. Representative Moss said he wanted to go on record with this because it involves 63 school children in Valdez who will be moving to Anchorage.

Representative Rogers brought up a question of 22 janitorial positions, representing \$48,000 for the last month (June 1982) of next year. Representative Freeman commented, "The subcommittee didn't play games with this. (They) didn't see anything to be gained by switching this around."

(Representatives Adams and Rogers left the meeting.)

Representative Montgomery moved the amendment by Representative Metcalfe (see Attachment 2) for \$31,200. Representatives Freeman and Cotten objected. Chairman Cotten indicated if this is included it may give a preference to this area of the Chugach State Park when there are probably other areas that might also need this. So far this is not necessary, he said. After further brief discussion, Representative Montgomery withdrew his motion.

There being no further amendments presented and no further objection to Representative Freeman's motion, the TRANSPORTATION BUDGET WAS CLOSED.

ADJOURNMENT

Chairman Cotten advised the Committee would consider the following bills at the 8:30 a.m. meeting tomorrow: HB 12, HB 32, HB 41, HB 49, HB 174, HB 176, HB 177, HB 216, HB 330, HB 489 and HB 490. There being no further business to come before the Committee, the meeting adjourned at 3:45 p.m.

Tape HFC 81-41, Side 1, #565 - End
Side 2, #001 - #605

BUDGET ADDS - New HIGHWAY/AIRPORT M&O

CENTRAL REGION

AIRPORTS 414.0

HIGHWAYS 252.0

INTERIOR REGION

AIRPORTS 171.0

HIGHWAYS 600.3

SOUTHEAST REGION

AIRPORTS 0

HIGHWAYS 202.5

WESTERN REGION

AIRPORTS 385.2

HIGHWAYS 0

TOTAL

2,025

NOTE: THESE ARE TOTALS ONLY. SHORT FORM
BUDGET DETAIL SHOWS ALLOCATION
BY LINE ITEM.

33REV. TITLE 6 - POLICY BUDGET PROGRAM DECISION INCREMENT OF WHICH THIS IS PART.

① Project Title: Chugach State Park Access Road Maintenance.

EXPLAIN WHICH POLICY BUDGET PROGRAM OBJECTIVE IS AFFECTED, AND HOW.

2

BRIEFLY DESCRIBE WHAT THIS INCREMENT PURCHASES.

③ This increment will insure that the Upper O'Malley Limited Road Service District, which has responsibility for maintenance of roads and streets in the upper O'Malley area of south Anchorage, will continue to provide maintenance for two of the primary access road systems into Chugach State Park.

The Prospect Drive access route and the Trails End-Longhorn-Shebanof access route are both used by an increasingly large number of Anchorage area residents who utilize the Chugach State Park's recreational facilities. This increase in on-resident traffic has resulted in an accelerated demand for maintenance service on the local road system. This increment will provide a 25% match of state funds to local funds to the district to offset provision of this public service.

The total estimated cost to the Upper O'Malley Road Service District for FY 82 is \$125,000. This will cover the cost of necessary grading, sanding, addition of needed gravel or fill and snow removal. The requested state 25% share is \$31,250.

④			
CODE	EXPENDITURES BY OBJECT	AMOUNT	
100	PERSONAL SERVICES		
200	TRAVEL		
300	CONTRACTUAL SERVICES	31,250	
400	COMMODITIES		
500	EQUIPMENT		
600	LANDS, BLDGS., ETC.		
700	GRANTS, CLAIMS, ETC.		
800	MISCELLANEOUS		
TOTAL			
I-A TRANS. (non-add)			
FED. RECEIPTS - CODE:			
GF MATCH.			
GEN. FUND		31,250	
I-A RCPTS.			
PGM RCPTS.			
OTHER			
OTHER			

⑤	PFT	PPT ~~Perm~~	NON PERM	TOTAL
NO. POSITIONS				
NO. STAFF MONTHS				

6 PRIORITIES	
This increment is part of a Policy Budget increment which was classified as: LEVEL I ☐ LEVEL II ☐	GOVERNOR ACCEPT REJECT
(Check Only One) THIS INCREMENT REQUESTS FUNDS FOR	CURRENTLY EXISTING SERVICE NEW SERVICE

LEGISLATIVE MEMBER'S SIGNATURE:

R. M. Elca

CATEGORY: ⑦ TRANSPORTATION
 AGENCY: DOT/PF
 PROGRAM: CENTRAL REGION M & O
 Sub Program: Highways

8 L LEGISLATIVE OPERATING BUDGET REQUEST

Page of

REVISED DATE

FY 82



(minutes)
 ATTACHED

HOUSE FINANCE COMMITTEE

April 15, 1981

8:40 a.m.

(Technical Problems with tape recorder --
Meeting Not Recorded.)

PRESENT

All members of the Committee were present. (Representatives Malone and Buchholdt arrived later in the meeting.) Present to provide testimony were Representative Clocksin; Jerry Schilz, Fiscal Analyst, Legislative Finance Division; and Bob Palmer, Coordinator of Special Projects, Office of the Governor.

SSHB 49

Chairman Cotten called the meeting to order. The first bill to be considered was SSHB 49.

SSHB 49 -- "An Act making a special appropriation to the Department of Commerce and Economic Development for the Alaska Agricultural Action Council to construct facilities for a small grains marketing system; and providing for an effective date."

Representative Moss presented a proposed Finance CS to SSHB 49. He said they had several subcommittee hearings on the bill. He said they feel the fiscal note (\$8,200.0) is an accurate figure. Representative Moss MOVED to report the Finance CS out of Committee with the fiscal note attached. Representative Rogers OBJECTED.

Representative MOSS advised that Representative Zharoff has submitted a request to amend the bill to include an additional \$200,000 for an elevator facility for Kodiak.

Chairman Cotten invited Mr. BOB PALMER, Special Projects Coordinator, Office of the Governor, to testify on the bill.

In answer to a question from Chairman Cotten, MR. Bob Palmer, said the time line they have is November 1 for receiving the grain in Seward. He said it will probably be another 60 days before they would have all the equipment installed. Regarding North Pole, Mr. Palmer said that is a much simpler facility and can be constructed within three months. He explained that in Seward they are talking about using the discharge facility and loading that grain into a barge and towing it to Kodiak. He explained that in Kodiak they would use a vacu-vader to unload into the storage bins.

Chairman Cotten asked for further information on the cars. Mr. Palmer explained the cars are readily available at the present time. He said they have the option of buying new or used cars; but in either case, they are available. Chairman Cotten asked what the cost is per unit. Mr. Palmer said the cost is \$40,000 to \$50,000 per car for a new car. He said used cars would be between \$5,000 to \$6,000 with an unknown refurbishing cost.

Representative Rogers asked if construction of the terminal would begin this summer, and the terminal would be ready in the fall. Mr. Palmer said that was correct. Representative Rogers asked if this would be done in conjunction with the railroad. Mr. Palmer said that was correct. He said they have agreed in writing the State would be required to complete only 200 feet of conveyer from the property in which the grain feed would be conveyed.

Representative Montgomery asked him to comment on the firm selected for the construction, and management and engineering services. Mr. Palmer explained they requested several proposals, and they selected the T.E. Eberson & Co. He briefly explained why that firm was chosen.

(Representative Buchholdt arrived at this time.)

Representative Montgomery said they should have some idea of what the operational budget is. He said the '82 budget shows about \$600,000 per year for operating costs. Mr. Palmer said they expect to lease this out to whoever gives them the best proposal, and that group would undertake the operating debts. Representative Montgomery asked if funds would have to be budgeted if this is going to become operational. Mr. Palmer said that over \$400,000 of the operating budget figure is for interest on the investment and depreciation. He explained if they lease it out then those operating costs would be greatly decreased. He said the operating costs can be carried by the through-put of the grain. In answer to questions from Committee members, Mr. Palmer explained they included debt service because they were trying to reflect the full cost of operating the facility. He said under the scenario they anticipate using on a lease basis, they could reduce the operating cost by over \$400,000 and then through-put should pay the cost. He said the state doesn't want to run the facility, they are going out for proposals. There was discussion on who would lease the facility from the state.

Representative Rogers REMOVED HIS OBJECTION to reporting the Bill out of Committee.

Representative Meekins asked for an explanation of why the terminal is being built in Seward instead of Anchorage. Mr. Palmer explained the selection process they went through prior to reducing the location to either Anchorage or Seward. He said the final determination came as Seward. He explained that determination came after lengthy discussions with the head of the Pilots group out of Homer and discussions about the bar over

which ships must pass coming into Anchorage. He said a partially loaded grain ship would have a very difficult time getting over the bar. He said there is at least a 36 hour difference in travel time between coming into Anchorage versus coming into Seward. He advised the ships need at least ten feet of water under them, and he knows of boulders at least ten feet in diameter in the shallow area coming into Anchorage from the Inlet. He said they also considered the fact that (Alaska Railroad General Manager Frank) Jones was willing to commit himself to building a facility and making a site available in Seward.

(Representative Malone arrived at this time.)

There was further discussion on the selection of Seward as the site for the terminal.

Chairman Cotten asked if the railroad cars would be State property. Mr. Palmer said they would be State property until they lease them out.

Chairman Cotten asked if the Subcommittee was recommending the additional \$200,000 for Kodiak. Representative Moss said before making a recommendation he would like to ask Mr. Palmer if they reduced the amount from \$1,000,000 to \$800,000 for the railroad cars, if it would be sufficient. Mr. Palmer said he couldn't say. Representative Montgomery said it would probably mean they would get 4 less cars.

Representative Moss MOVED to amend the Bill from \$1,000,000 to \$800,000 for the purchase of grain cars for transport, and to add \$200,000 for the Kodiak elevator facility. Representative Montgomery OBJECTED to the motion. He said he thinks that is a poor reason to reduce the figure for the cars. He said they either need 20 cars or they don't. Representative Moss WITHDREW THE MOTION.

Representative Rogers asked what would happen if they included the Kodiak project as part of the regular capital budget. Mr. Palmer said he thought that would be fine. He said they could still get the facility built.

Chairman Cotten asked if there were any objection to Representative Moss's motion to report the bill out. There being NO OBJECTION, CSHB 49 (fin) was reported out of Committee with "Individual Recommendations."

HB 216

The next bill to be considered was HB 216.

HB 216 -- "An Act authorizing the Alaska Agricultural Action Council to construct and dispose of grain terminals and elevators; and providing for an effective date."

Representative Rogers MOVED TO AMEND HB 216 as follows:

(3) construct, contract to construct and contract to operate a grain terminal(s) and elevator facility (facilities) and grain subterminal, and to dispose of these facilities by sale or lease. (if) The terms of any dispositions shall be (are) approved by the commissioner of commerce and economic development.

Representative Malone said at an earlier meeting the question was brought up as to what extent the facilities have the capacity to process grain for Alaskan companies in the business of raising animals. Representative Carney said the Subcommittee discussed that, and it appears it would be best to move the grain from the terminal to a processing facility in the area where the animals are. Mr. Palmer commented in the early years the elevators will only be working about 90 days a year, while the feed mill would be working year around. There was brief discussion.

Chairman Cotten asked if there was any objection to accepting the language proposed by Representative Rogers. There being NO OBJECTION, it was so ordered.

Representative Rogers MOVED AND ASKED UNANIMOUS CONSENT that a Finance CS be prepared incorporating the above amendment, and that the CSHB 216 (fin) be reported out. There being NO OBJECTION, it was so ordered. CSHB 216 (fin) was reported out with individual recommendations.

HB 49

Representative Rogers requested that CSHB 49 (fin) be brought back before the Committee for the purpose of considering a Letter of Intent.

CSHB 49(fin) -- "An Act making a special appropriation to the Department of Commerce and Economic Development for the Alaska Agricultural Action Council for facilities for a small grains marketing system; and providing for an effective date."

Representative Rogers MOVED that the following be accepted as a Finance Committee Letter of Intent for CSHB 49 (fin):

"It is the intent of the Legislature that the operation of the tidewater grain terminal be leased on a competitive bid basis during 1981 and 1982. It is the intent of the Legislature that at the earliest possible time the terminal be sold at fair market value. No state funds are to be used to operate the facility."

Representative Rogers said he believes that would take care of concerns people had over who will be operating the facility. There was brief discussion on the letter of intent. Representative Carney said he objected to the language that "no

state funds are to be used to operate the facility."

Representative Rogers agreed to strike that line from the letter of intent. Representative Carney said he had a problem with the sentence concerning competitive bid. He said he is not sure they should be limited to just competitive bids. He said he would like a situation where they could give Alaskans an advantage. He requested that line be deleted from the letter.

Representative Rogers WITHDREW HIS MOTION.

HB 174

Chairman Cotten invited Representative Clocksin (Chairman, House HESS) to explain HB 174.

HB 174 -- "An Act relating to aid to families with dependent children; and providing for an effective date."

Representative Clocksin said the bill basically does two things -- it makes pregnant women eligible for Medicaid and it increases the payments under the program. He explained the affect of the bill would be to add cash payments for pregnant women and make them eligible for the Medicaid program. Representative Clocksin said the second portion of the bill would increase the money available to the parents and children participating in the Aid to Families with Dependent Children (AFDC) program. He said they found that the payment to single elderly persons in the state is significantly higher than that for a single mother with a child. He said increasing other programs has created inequities between other programs and AFDC.

Representative Clocksin said the bill establishes a cost of living increase. He briefly explained, and said the intent of the legislation is to change payments from \$457 to \$500. There was brief discussion on the fiscal note. Representative Clocksin said testimony in the HESS Committee indicated that when there is a slight increase in a program, the net effect is often a zero increase or even a negative increase because the increase affects the amount they receive from other programs, such as food stamps, day care assistance, and rent assistance. He said the increase made last year was very minor.

Representative Clocksin said they elected to move this legislation out of Committee because they decided a small increase was necessary and they felt they should add pregnant women. He said they have asked the Department to provide them with information on how the increases in one program affect another one. However, he doesn't think that information will be available this year.

Representative Clocksin pointed out there are three related bills before the Finance Committee -- they are all on the subject of providing benefits to pregnant women. He said that HB 330 ("An Act relating to payment of the costs of care of pregnant women; and providing for an effective date.") somewhat duplicates HB 174

and also HB 41 ("An Act relating to the health of residents of the state; and providing for an effective date."). He said it is not inadvisable to have this duplication.

HB 176

At this point, Chairman Cotten asked if Representative Clocksin would like to provide an explanation of HB 176.

HB 176 -- "An Act relating to general relief medical; and providing for an effective date."

Representative Clocksin explained the bill would double the amount of money available per person under the General Relief Medical program. He explained this program provides assistance to people who "fall through the cracks" of other programs. He said the bill provides temporary relief; for example, it will make a rent payment to a landlord to avoid an eviction. He explained the problem is the present statute does not authorize enough to stop an eviction, so they are proposing an increase to \$160 per month. He advised the affect would be to cover most of those emergency situations and not simply provide a partial payment. He commented this program has not been increased for a number of years. There was brief discussion on how the program works and how effective it is. Chairman Cotten asked what would happen if a person came in the following month with the same request (financial help in order to avoid an eviction). Representative Clocksin said they would not continue to pay a person from month to month under this program. He said this is meant to be a temporary, emergency program.

Representative Rogers said it appears the fiscal note is "real guess work".

Representative Freeman asked who qualifies for this program. Representative Clocksin said he can't answer that. He said there are regulations to cover eligibility that are need oriented.

Representative Montgomery requested a simple spread sheet showing what programs are available to people having problems. Mr. Jerry Schilz, Fiscal Analyst, Legislative Finance Division, will provide that information.

HB 330

Chairman Cotten invited Representative Clocksin to give a brief explanation of HB 330.

HB 330 -- "An Act relating to payment of the costs of care of pregnant women; and providing for an effective date."

Representative Clocksin explained the Bill would not only add pregnant women to the Medicaid Program, it would also provide for nonmedical services for pregnant women to allow them to carry their child even if they are not eligible for Medicaid. He said

the bill explains the options available. He said the intent is to equalize the services provided in the state, so economics will not dictate a person's decision on whether to keep a child or not.

ADJOURNMENT

The meeting adjourned at 9:55 a.m.

(Technical Problems with recording equipment --
Meeting not recorded.)

HOUSE FINANCE COMMITTEE

April 15, 1981

2:05 p.m.

(Tape HFC 81-42, side 1 #001.)

PRESENT

All Members of the Committee were present. (Representative Meekins and Buchholdt arrived later in the meeting.) Present to testify were: Representative Jim Duncan, Speaker of the House of Representatives; Red Swanson; Gordon Jackson, Rural Alaska Community Action Program, Inc.; John Hoke, Alaska Federation of Natives; Andy Ebona and Tony Strong, Tlingit/Haida Central Council; Tom Evil, Craig Community Association and City of Craig; Kerry Romesburg, Post Secondary Education Commission; and LuAnn Cutler, Aide to Representative Thelma Buchholdt.

HB 12

Chairman Cotten called the meeting to order. He brought HB 12 up for discussion, and said the purpose of today's meeting is to familiarize the Committee with the subject matter and proposition. He said it was not his intent to take action on the bill today.

HB 12 -- "An Act creating the Alaska Railroad Authority."

Representative Moss said that basically the bill boils down to a need for a railroad authority. He said it establishes a five member Authority and gives the Authority the power to employ personnel. He said the Bill also allows the employees to sell bonds, etc. for the Railroad Authority and its extensions. He advised the Transportation Committee had five or six meetings on this subject, and came up with this bill.

(Representative Meekins arrived at this time.)

Representative Moss explained the basic need for the bill is to allow the State to get into the railroad business. He said they need to have one central agency to go to, and it should be responsible for the development of the railroad. He advised that included in members' bill package is a Letter of Intent from the Transportation Committee. He read the letter.

Representative Rogers said the main purpose of the Bill is to have a body in place that could assume the functions of the Alaska Railroad. He said the only reason this is not a division of the Department of Transportation and Public Facilities is they have to have the authority to issue revenue bonds or rolling stock. He commented that if they had that power today, they wouldn't be using it because of the high interest rate on bonds.

He advised that originally the Transportation Committee letter of intent was a separate section of the bill. He suggested what they are trying to accomplish through a letter of intent should probably be in the form of a session law.

Representative Rogers advised there may be a technical problem with the bill on page 2, lines 8-9 which may make it liable for veto, in that legislative confirmation is unconstitutional. Other than that, Representative Rogers said he is in favor of the bill.

Representative Moss referred Committee members to the revised fiscal note dated 3/17/81.

In answer to a question from Representative Montgomery regarding the letter of intent, Representative Rogers repeated it was originally part of the bill. He said his feeling is the letter of intent should not be adopted, but the first paragraph should become a section of the bill.

Representative Malone commented that when the Alaska Power Authority was established, it was set up as an Authority in order to have the ability to issue bonds. He suggested that if the primary reason for setting this up as an authority is to issue financing, they might want to consider using state g.o. bonds or general funds for financing in view of the fact that the state has the financial capability to consider doing that. There was brief discussion.

In answer to a question from Representative Meekins, Representative Rogers said they are asking them to investigate take over of the federal portion of the Alaska Railroad. He commented the expectation is that the federal government will not be continuing their funding of the railroad beyond FY 82. He said it is necessary to create an entity to consider running the railroad this session in order to have time to have the Authority formed and working, and ready for take over of the railroad by the State. He commented on the amount of time it takes to start up an agency.

(Representative Buchholdt arrived at this time.)

RED SWANSON said he has been working with members of the House and Senate to put this bill together. He said he totally supports the creation of a Railroad Authority. He said the State has until 1982 to do something. He explained that in Washington D.C., the Federal Railroad Authority is in the process of drafting legislation to transfer the Alaska Railroad to the State. He favors the creation of the Alaska Authority so they could have people available to immediately contact the group in Washington D.C. who are drafting the Legislation so the state can have input from the start. He said it is important to be involved in putting that legislation together to see if the state is going to get access to the mineral deposits. He commented

that if we are going to have a viable railroad in Alaska it is important to have an international connection.

Representative Montgomery said he thinks it would be of interest to have general operational cost information. He suggested this information would be very valuable to have before deciding what we were are going to do. Representative Rogers agreed they should have that information. He thought some of the work the State has been doing on the Delta extension could help provide that information. He suggested the methods of accounting used by the federal government may not be the same as the guidelines and accounting procedures the state would use. He commented further on federal accounting procedures.

Representative Adams asked if anyone had projected long range costs to the state for the railroads. Representative Moss said that is why they are trying to establish the Authority -- to find these things out. Representative Adams requested that before anything is done, real studies be made -- environmental impact and feasibility studies -- so the Northwest area is not adversely affected. Representative Rogers agreed with Representative Adams. He mentioned the Bill has been changed a little bit by an amendment offered in the Transportation Committee. He said originally what they tried to do was say that any extensions to the railroad required legislative authorization. He said he thought it was important that there be a legislative determination of any extensions of the railroad.

Chairman Cotten said that several issues have been raised at today's meeting that will be taken into serious consideration.

RECESS

Chairman Cotten called for a recess at 2:19 p.m. and recalled the meeting to order at 2:24 p.m.

HB 489 and HB 490

Chairman Cotten said there has been concern this year about what may or may not happen with regard to budget changes at the federal level. He requested that Representative Duncan review for the Committee the proposals he has introduced.

HB 489 -- "An Act establishing a joint committee of the legislature to meet with executive branch officials to review and report on the effect of proposed federal budget reductions on programs that benefit the people of the state; and providing for an effective date."

HB 490 -- "An Act establishing a special federal budget reduction contingency fund in the Office of the Governor; and providing for an effective date."

Representative DUNCAN advised that HB 489 establishes a joint committee of the legislature to meet with the executive branch.

and HB 490 would create a special budget contingency fund. He said some of the Reagan Administration proposals could have a substantial impact on the level of funding of programs and services for Alaska. He said if the federal budget accepts those recommendations, it could reduce the income to the State. He said they would not see the full impact during this current session, and it appears that many of these reductions could affect critical programs on a statewide basis, and his concern is that these cut-backs could have a serious negative impact to the State.

Representative Duncan said he didn't think anyone would disagree that the State should proceed cautiously and responsibly in picking up federal programs. He advised the bills do not say the state should pick up just any federal program.

Representative Duncan explained the joint interim committee would work in conjunction with a team from administration and the Governor's chairman of the Rural Development Council. He explained the idea is to have a working team during the Interim to review federal programs and assess the impact of cut-backs, and then to come back and report to the Second Session on what action the Legislature might want to take to continue programs or change directions if a program should be cut back. He said he thinks they need a special committee to evaluate what the affect will be. He said it's possible the federal adjustments will be consistant with the betterment of the state, and the State should not pick up federal funds.

Representative Duncan advised that he is recommending one change to HB 489, on page 3. He recommended that be changed to say they shall meet with the Governor's Budget Review Committee. He said that would delete subsections 1, 2 and 4, but leave subsection 3. He said that is the only change he sees that is necessary.

Representative Buchholdt referred to a letter from Mr. Jay Hogan, Director, Legislative Finance Division to Chairman Cotten wherein he states the meetings might be unconstitutional. Representative Duncan said the proposed amendment he just recommended does not necessarily speak to that. He said what Mr. Hogan is addressing here is a legal question. He said the Attorney General's office has agreed with him that there is no constitutional problem regarding separation of powers. He said he thinks in this case Mr. Hogan has incorrect information.

Representative Rogers agreed the change to the Governor's Budget Review Committee is desirable. He wondered if they might want to include representatives from the departments or someone from the Municipal League since local governments will bear the brunt of the federal budget cuts. Representative Duncan said he would have no objection to expanding the number that might want to participate. He said he would request that they not make this too large of a group.

Representative Montgomery asked if the duties outlined here didn't parallel those of the Legislative Budget and Audit Committee; and if they do, he questioned the need for this new body. Representative Duncan said he would say this does not conflict with the duties of the Legislative Budget and Audit Committee. He said he strongly recommends the need for a committee separate from Budget and Audit. He commented that the Budget and Audit Committee has many duties to perform. He said what he is proposing through this legislation is a very effective working group, and that is why he kept it small. He said this will require legislators to form a working committee during the Interim, and it will also require the preparation of a report to the Legislature by the 30th day of the second session. He feels what is needed here is a small committee of committed individuals willing to address the problem and accept the fact that it will take time. Representative Duncan said the bill also outlines some expanded duties, such as meeting with the budget review team and Administration, and none of these duties are authorized through Legislative Budget and Audit.

Representative Duncan advised that HB 490 is the companion legislation to HB 489. He explained one of the duties is to recommend to the Governor what items might be funded through the budget reduction contingency fund. He explained that fund would be set up in the Office of the Governor.

Representative Duncan reiterated that many of the proposed cut-backs will not be known before the Legislature adjourns. He said he didn't believe this Legislature wanted to get into the position of funding programs that have not yet been cut by the federal government or programs that may not be necessary. Instead, he said he is proposing to set up a special contingency fund where the money can be placed. He explained the money would be approved by the legislative committee and it could only be released by the Governor. He said he would like to make it clear that the Joint Committee would review reductions and make recommendations to the Governor. He said he believes the Governor would rely very strongly on those recommendations.

Representative Duncan said he didn't have a fiscal note for the bill at this time. He said a final determination of the amount could be made in the later days of the legislative session "when they will have a better idea of what will be picked up or can be taken care of in other ways". Representative Duncan said if they don't place money in a contingency fund he is afraid they will be asked to come back in for a special session in October.

Representative Duncan said his office has been working, and will continue to work, to keep up to date on what the needs might be for this fund. He said the contingency fund was not designed to replace any other proposals presently circulating through the Legislature.

(Tape change, HFC 81-42, side 2.)

Representative Buchholdt asked if the state picked up the funding of a federal program through this contingency fund, would they continue to use federal guidelines? Representative Duncan said that if, for example, the CETA program were not funded, he would recommend that federal monies be replaced with state money. He said in this situation they would be continuing a federal program with state funding, and since the Legislature would not be in session, he believes they would have to follow the same guidelines they are following now.

Representative Adams said one of his problems is with the time delay it might take to get a program set up. Representative Duncan agreed that is a legitimate concern, and that is one more reason he would recommend it not go through the Legislative Budget and Audit Committee. He said they will have to move in a timely manner so the money can be released. He commented the alternative to that would be to allow the Governor to move funds on his own, but he thinks it is important to have legislative input into this.

Representative Adams said another concern of his is that not just one area of the state get these funds. Representative Duncan said it would not be his intention to fund \$60 million in the contingency fund and give \$55 million to Juneau.

Representative Duncan said if the alternative employment program does not pass, then he thinks they should pick up the CETA program until the Legislature can come back and design another program. He said it would also be his recommendation that funds be released in the same formula they are now being released to non-profit organizations.

Representative Meekins said he thinks this legislation is a good idea. He said normally the Legislature has to deal with problems after the fact, or they have to come in to a special session and work in a crisis atmosphere.

Chairman Cotten asked if they had a handle on what programs are likely to be short funded at this point. Representative Duncan said that changes from day to day. He advised that early information they have received indicates that approximately 1,450 CETA jobs will be lost around the State. He said that impact is already being felt.

Chairman Cotten asked if there is any state money presently going into the CETA programs. Representative Duncan said not that he is aware of.

Chairman Cotten asked if the contingency fund would be allowed to make appropriations to programs that are not currently receiving state money. Representative Duncan said his idea would be to replace money for programs like the 1,450 CETA jobs that would be lost with enough State money to keep the positions on so the state doesn't end up with a doubling up in the unemployment program. Chairman Cotten commented that a lot of money comes

through the State for CETA programs, but there is a lot of other money that doesn't come through the State. He said they are not sure how much goes to those other projects since it doesn't flow through the State. Representative Duncan said he is not recommending full funding. He said his recommendation would be that if the state is losing all that money that it all be replaced with state money. Chairman Cotten commented there are many federal programs the State isn't connected with at all at this point.

Representative Rogers commented on the federal funds he is aware they will be losing in the University budget area. He said as much as 50% of the University's funding for research could be lost. Chairman Cotten said there is a lot of federal money flowing through the budget in the Health and Social Services areas. He said they are trying to make determinations on what to expect statewide.

Representative Duncan commented that just because they cut back a program in Washington D.C., that doesn't mean the need is no longer there in Alaska. He said the need still exists, and he doesn't believe federal cut backs relieve the state from picking up those responsibilities. He recommended looking at what is lacking in the State and what is needed.

MR. GORDON JACKSON, Rural Alaska Community Action Program, spoke in favor of HB 489 and HB 490. (See attached testimony -- attachment #1.)

MR. JOHN HOKE, Alaska Federation of Natives, said they have many years of experience with federal programs, and some of them are now in jeopardy. He said they approve of and support the concepts outlined in HB 489. He recommended the language stay intact. He said if the legislature starts including groups like the Municipal League, they will start wondering why native groups weren't included.

MR. TOM EVIL, Craig Community Association and City of Craig, said there is much concern on the local level over the loss of CETA positions, and they all support these bills. He commented on development in the State that is taking place in the rural areas, and said the small communities have very limited revenues with which to deal with the impact of growth. He said much of the funding they will lose, if they lose the CETA program, will be in those areas that help them maintain their planning capabilities at the local level.

MR. ANDY EBONA, Tlingit/Haida Central Council, advised they represent 15,000 people in 9 communities in Southeast Alaska, and they provide services to people who do not have access to any other entity. He said they have approximately \$10 million to provide services in Southeast, and the bulk of those programs are being cut back by the present federal administration. He commented on programs other than CETA that will be cut-back. Mr. Ebona said today the Central Council is in the position of having

to release 250 people who were covered under the CETA program. He said elimination or cut back of the training programs will have a significant impact on communities in Southeast. Mr. Ebona advised the Tlingit/Haida Central Council wholly supports HB 489 and HB 490.

MR. TONY STRONG, Tlingit/Haida Central Council said he would like to clarify some points raised by members of the Committee. He said the CETA program itself has had a tremendous impact; one of the things they have been doing is funding programs in communities in Southeast. He commented on one community that received \$216,000 and will be losing that funding. He said that funding paid the salaries of the city clerk and city manager. He advised they have been training people with CETA monies and placing them in state agencies, so if the funding is lost there will be an impact on state agencies as well. He said with the loss of funds, the increased rate of unemployment in communities will effect their ability to survive. In addition, he said they will see the need for an increased appropriation for welfare programs. He commented further on what the impact will be to the State and southeastern communities.

Representative Freeman asked how many dollars they are talking about. He commented there is about \$255 million federal funds in the state budget. Representative Duncan said he doesn't think anyone knows what the total amount will be. He said that within the next 10 days he expects they will have a better idea of where the cut-backs might be. He clarified the idea they are talking about here is not to just pick up every federal program -- they would only pick up those that are necessary. He said he is certainly not advocating picking up the entire \$250 million that's in the state budget. Representative Freeman said that somewhere along the line they were going to have to know how much they were talking about. Representative Duncan said that is why he is not recommending that a certain amount be appropriated to the contingency fund at this time.

(Tape change, HFC 81-43, side 1.)

RECESS

Chairman Cotten called a recess at 3:30 p.m. and recalled the meeting to order at 3:40 p.m. (Representatives Freeman, Rogers, Haugen, Meekins and Moss were not in attendance at this time.)

SSHB 32

The next bill to be considered was SSHB 32.

SSHB 32 -- "An Act relating to undergraduate and graduate scholarship loans; and providing for an effective date."

Representative Buchholdt presented a proposed Finance CS to SSHB 32. She said the Finance CS makes change to section 2 of the

bill. She said the loan limit would be raised to \$4,500 for undergraduates and \$5,500 for graduate students.

(Representatives Haugen and Rogers returned at this time.)

Representative Buchholdt advised the bill provides for a cost of living adjustment to the loan limit, and it changes the language on page 3, sec. 8 so that the borrower need not be employed. She explained it changes "employed" to being a "resident" of the state for 3 years.

Representative Rogers advised the bill includes a cost of living adjustment to increase the maximum amount of the loans. He said it is important to realize that the number is going to increase in future years.

Representative Montgomery said the subcommittee did not fully agree on this item. He said he thinks this would be awkward to deal with, and he would rather make an adjustment every two or three years through legislation if adjustments are necessary.

Representative Rogers said if the cost of living adjustment language is not adopted, he thinks they should increase the amount for loans.

(Representative Freeman returned at this time.)

There was further discussion on the student loan program. In answer to a question from Representative Malone, MR. KERRY ROMESBURG, Alaska Post Secondary Education Commission, said that for every \$1,000 loaned a person repays at the amount of \$10.61 per month. He explained the interest technically starts when a student is still in school; however, it is waived by the State until the student is out of school for one full year. He advised the student has 10 years to repay the loan. Representative Malone asked if this information was provided to people applying for student loans. Mr. Romesburg said they give it to everyone applying for a loan.

Representative Malone referred to page 2, line 5 and asked if the subcommittee gave consideration to anyone other than full time students. Representative Buchholdt said they did, but it is very difficult to define a part time student. She said the Subcommittee felt the best thing to do was to wait and consider this for future legislation after they get further information from the Post Secondary Education Commission. There was brief discussion.

In answer to a question from Chairman Cotten, Mr. Romesburg explained their repayment schedule is based on the loan being repaid for the full ten years. He explained they simply forgive the last four years, the person pays the same for the first six years. There was further discussion on the forgiveness for people remaining in the State.

Chairman Cotten MOVED that the Finance CS for SSHB 32 be accepted in lieu of the original bill. Representative Montgomer objected. The question was called for. 5 in favor, 3 opposed. The MOTION CARRIED.

Representative Rogers MOVED TO AMEND the Finance CS for SSHB 32 on page 1, line 23 change "\$4,500" to "\$6,000"; on line 25 change "\$5,500" to "\$7,000"; and delete subsection (b) on page 1, lines 26-29, and page 2, lines 1-2.

Representative Rogers said he thinks they should make sure there is adequate funding available. He said he thinks these numbers are valid.

(Representative Meekins returned at this time.)

Representative Buchholdt suggested these figures were too high. She MOVED TO AMEND THE AMENDMENT to the figures of \$6,500 for graduates and \$5,000 for undergraduates. Representative Rogers OBJECTED. The Question was called for. One in favor. The motion FAILED.

Representative Rogers' MOTION was before the Committee. Five in favor, four opposed. The motion CARRIED.

Mr. Romesburg advised the Committee some changes were made to subsection (j) on page 3 of the Finance CS. He said it used to be that if a person were to stay in the state for five years, 40% of his student loan debt would be cancelled. He said the new language in subsection (J) now says the person has to stay in the state for six years. There was brief discussion. Representative Rogers said that was not the intent of the Subcommittee. He said their understanding was that they were making technical changes to clean up the language of the statute.

Representative Meekins MOVED TO AMEND THE CS to go back to a five year residency. There was discussion on the proper language. Representative Meekins recommended that subsection (1) be 20% (instead of 10%); and that subsection (4) be deleted. He asked UNANIMOUS CONSENT. There being no objection, it was so ordered.

Representative Rogers pointed out there are several technical problems with the bill. Chairman Cotten requested that the Subcommittee review the bill and come back before the full committee tomorrow with a clean copy of the bill.

ADJOURNMENT

The meeting adjourned at 4:25 p.m.

HFC 81-42, side 1 #001 to end
 side 2 #001 to end
HFC 81-43, side 1 #001 to #738

Rural Alaska
Community Action Program, Inc.

STATEMENT

OF THE
RURAL ALASKA COMMUNITY ACTION PROGRAM

RELATING TO:
HB 489 & HB 490

APRIL 15, 1981

Attachment #1

573

4/15/81

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS GORDON JACKSON. AS PRESIDENT OF THE RURAL CAP BOARD OF DIRECTORS, IT GIVES ME PLEASURE TO SPEAK TODAY IN FAVOR OF THE SPEEDY CONSIDERATION AND PASSAGE OF HOUSE BILLS 489 AND 490.

AS YOU KNOW, THESE BILLS HAVE BEEN PROPOSED IN RESPONSE TO THE "PROGRAM OF NATIONAL ECONOMIC RECOVERY" PROPOSED BY PRESIDENT REAGAN. ALTHOUGH THIS IS NOT THE TIME OR THE PLACE TO PASS JUDGEMENT ON THE PRESIDENT'S PROPOSALS, I BELIEVE IT IS ENTIRELY APPROPRIATE TO EXAMINE THEM IN LIGHT OF THEIR IMPLICATION ON THE MAINTAINANCE OF ALASKA'S QUALITY OF LIFE AND INSTITUTIONAL CAPACITIES. BY THOSE MEASURES, THE PRESIDENT'S PROPOSALS CAN ONLY BE TERMED DEVASTATING FOR THE PEOPLE OF ALASKA.

ALTHOUGH AN EXACT ANALYSIS OF THE IMPACT OF THE PROPOSED BUDGET CUTS AND INSTITUTIONAL REVISIONS IS STILL PREMATURE, DUE TO SOME UNCERTAINTIES ABOUT THE SPECIFICS OF THE PROPOSALS AND CONGRESSIONAL RESPONSE TO THEM, IT IS NEVERTHELESS POSSIBLE TO ENGAGE IN SOME FAIRLY SOPHISTICATED SPECULATION. THE FOLLOWING INFORMATION HAS BEEN GLEANED BY RURAL CAP FROM INFORMATION MADE AVAILABLE FROM A VARIETY OF PUBLIC SOURCES. AS WE REFINE IT AND PLACE EXACT DOLLAR AMOUNTS ON IT WE WILL, OF COURSE, SHARE IT WITH THE LEGISLATURE AND THE ADMINISTRATION:

IN THE INTEREST OF TIME AND IN CONSIDERATION OF YOUR BUSY SCHEDULE, I WON'T EXAMINE EACH AND EVERY PROGRAM THREATENED BY THE PRESIDENT'S AGENDA. HOWEVER, IN A BROAD SENSE, I HOPE I CAN BEGIN TO CONVEY, IN OUTLINE FORM, BOTH THE BREADTH AND DEPTH OF THREAT, AS FOLLOWS:

EDUCATION -- ALTHOUGH THE STATE SPENDS MILLIONS OF DOLLARS ON THIS MOST IMPORTANT ACTIVITY, WE HAVE LONG RELIED ON FEDERAL FUNDING FOR GENERAL EDUCATIONAL ASSISTANCE AND SPECIFIC TARGETED PROGRAMS. UNDER THE PRESIDENT'S PROPOSALS . . .

PL-874 (FEDERAL IMPACT ASSISTANCE) FUNDING WOULD BE

ELIMINATED, IMPACTING ALASKA'S SCHOOL DISTRICTS BY OVER \$60 MILLION.

TITLE I (TARGETED LOW-INCOME SERVICES) WOULD LIKEWISE BE TERMINATED, SUBSTANTIALLY REDUCING SPECIAL ASSISTANCE PROGRAMS TO SERVE LOW-INCOME STUDENTS AND FAMILIES.

BI-LINGUAL/BI-CULTURAL PROGRAMS, USED BY ALASKAN SCHOOL DISTRICTS TO MAINTAIN THE RICH CULTURAL DIVERSITY IN OUR STATE, HAS ALREADY BEEN ON THE CHOPPING BLOCK.

JOHNSON O'MALLEY (SUPPLEMENTAL FUNDING FOR INDIAN AND ALASKA NATIVES) IS SLATED FOR TERMINATION, A LOSS TO ALASKANS IN EXCESS OF \$5.5 MILLION.

ESEA TITLE PROGRAMS, WHICH ARE PRESENTLY USED FOR SUCH ACTIVITIES AS ADULT EDUCATION, SOME COMMUNITY SCHOOLS, ETC. ARE TO BE CONSOLIDATED INTO AN EDUCATION BLOCK GRANT WITH REDUCED FUNDING, AND THEN GRANTED TO LOCAL EDUCATION AGENCIES (SCHOOL DISTRICTS). UNANSWERED QUESTIONS REGARDING THESE PROPOSED BLOCK GRANTS ARE THE EXTENT OF THE BUDGET REDUCTIONS AND THE DISTRIBUTION FORMULA THAT WILL BE USED TO ALLOCATE THE FUNDS THROUGHOUT THE COUNTRY.

WE ARE HOPEFUL THAT THE STATE DEPARTMENT OF EDUCATION AND GOVERNOR'S OFFICE OF BUDGET AND MANAGEMENT IS DEVELOPING A MORE PRECISE ANALYSIS OF IMPACTS ON THE STATE'S OVER-ALL EDUCATIONAL EFFORT. CLEARLY, THIS LIST HAS BEEN A SUMMARY OF WHAT WE NOW KNOW, NOT A DEFINITIVE ONE.

HEALTH -- AGAIN, THE PICTURE IS NOT YET CLEAR. THE REAGAN ADMINISTRATION IS PROPOSING, HOWEVER, A SUBSTANTIAL REDUCTION IN FUNDING AND (ONCE MORE) "BLOCK GRANTS" TO THE STATES IN THE AREAS OF HEALTH SERVICES AND PREVENTIVE HEALTH.

SPECIFICALLY, THE INDIAN HEALTH SERVICE WATER AND SEWER PROGRAM IS SLATED FOR TERMINATION, WITH THE RATIONALE BEING THAT, WITH THE ELIMINATION OF THE BIA/HUD INDIAN HOUSING PROGRAM, SUCH SERVICES WILL NOT BE NEEDED.

AGAIN, WE ARE HOPEFUL THAT A MORE EXACT READING OF THE IMPACT OF THESE REDUCTIONS AND PROPOSED ALTERATIONS TO THE HEALTH DELIVERY SYSTEM WILL BE COMPILED BY OFFICIALS OF THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES AND OTHER ADMINISTRATION OFFICIALS.

NATIVE AMERICAN PROGRAMS -- GIVEN THE UNIQUE RELATIONSHIP BETWEEN THE FEDERAL GOVERNMENT AND THE NATIVE PEOPLE OF ALASKA, MOST DOMESTIC BUDGET REDUCTIONS AFFECT NATIVE ALASKANS ACROSS-THE BOARD. IN RECENT YEARS, UNDER THE RUBRIC OF "SELF-DETERMINATION," THE CONGRESS HAS INCLUDED A NATIVE AMERICAN "SET-ASIDE" IN MOST OF ITS PROGRAMS, SUCH AS CETA (TITLE III), COMMUNITY DEVELOPMENT BLOCK GRANTS, COMMUNITY ACTION, LEGAL SERVICES, ETC. THEREFORE, IT IS EVEN MORE DIFFICULT TO ASSESS WITH ANY PRECISION THE IMPACT OF THE ADMINISTRATION'S PROPOSALS ON ALASKA'S UNIQUE NATIVE NON-PROFIT SERVICE DELIVERY STRUCTURE. HOWEVER, WE CAN ENGAGE IN SOME SOPHISTICATED SPECULATION:

EDA FUNDING, FROM THE DEPARTMENT OF COMMERCE, IS TO BE TERMINATED. THE AVERAGE LOSS, PER REGION, IS ABOUT \$75 THOUSAND; HOWEVER, THIS IS THE ONLY FUNDING AVAILABLE FOR REGIONAL NON-PROFITS TO DO OVERALL ECONOMIC DEVELOPMENT PLANNING. INSOFAR AS SUCH PLANNING LOCALIZES THE OPPORTUNITY TO WEIGH AND BALANCE SUCH DIVERSE ECONOMIC CONSIDERATIONS AS ENERGY, DEVELOPMENT, SUBSISTENCE, ETC., IT IS INDEED IMPORTANT.

HOUSING IS ALSO SLATED FOR TERMINATION. PRESENTLY, REGIONAL HOUSING AUTHORITIES ESTABLISHED BY NON-PROFITS RECEIVE AND ADMINISTER FEDERAL BIA/HUD FUNDS FOR THE CONSTRUCTION OF NEW HOUSING IN THE VILLAGES. THIS PROGRAM IS TO BE TERMINATED.

CETA IS ALSO IN TROUBLE. ALREADY, TITLE II-D AND TITLE VI FUNDING HAS BEEN TERMINATED AND DOZENS OF ALASKANS HAVE LOST THEIR JOBS AS A RESULT. NOT ONLY HAS THE UNEMPLOYMENT RATE ESCALATED, IMPORTANT WORK WITHIN NON-PROFIT CORPORATIONS AND THE PROGRAMS THEY OPERATE WILL NOT BE ACCOMPLISHED. SUCH ACTIVITIES INCLUDE VILLAGE MANAGEMENT, CHILD CARE AND HEAD START, ENERGY CONSERVATION, AND A VARIETY OF OTHER IMPORTANT WORK PROJECTS.

GENERAL ASSISTANCE, TOTALLING SOME \$5.7 MILLION IS ALSO TO BE TERMINATED. THIS CATEGORICAL ASSISTANCE TO HUNDREDS OF ALASKAN NATIVE FAMILIES IS FREQUENTLY THE ONLY SOURCE OF CASH AVAILABLE TO LARGE NUMBERS OF VILLAGE PEOPLE. (IT IS INTERESTING TO NOTE, BY THE WAY, THAT THIS PROGRAM WAS SINGLED OUT TO SPECIFICALLY EXCLUDE ALASKAN NATIVES, THE RATIONALE BEING THAT THE STATE IS WEALTHY).

AS TROUBLING AS ALL OF THESE CUTS MAY BE, THEY ARE OVERSHADOWED BY A POLICY DIRECTIVE FROM THE FEDERAL OFFICE OF MANAGEMENT AND BUDGET STATING THAT NO NEW FUNDS FOR PROGRAMS ASSISTING ALASKA NATIVES WILL BE APPROVED UNTIL SUCH TIME AS A STUDY IS COMPLETED, EXAMINING THE FEDERAL/NATIVE RELATIONSHIP IN LIGHT OF THE CLAIMS SETTLEMENT ACT. TO MANY OF US FAMILIAR WITH THAT RELATIONSHIP, WHAT IS BEING PROPOSED IS NOTHING LESS THAT A TERMINATION STUDY.

COMMUNITY ACTION, AUTHORIZED BY THE ECONOMIC OPPORTUNITY ACT, IS TO BE TERMINATED, EFFECTIVE SEPTEMBER 30, 1981. ALTHOUGH THE REAGAN PROPOSALS CALL FOR INCLUSION OF SOME FUNDING IN SO-CALLED "COMMUNITY SERVICE BLOCK GRANTS" TO STATES, AND WOULD PERMIT THE USE OF SUCH FUNDS FOR COMMUNITY ACTION, THERE IS CERTAINLY NO GUARANTEE THAT OUR AGENCY, AS IT HAS DEVELOPED OVER THE YEARS, WOULD RETAIN ITS PRESENT STRUCTURE. SPECIFICALLY, WE ARE LOOKING AT LOSSES WHICH WOULD IMPACT A VARIETY OF ALASKAN ORGANIZATIONS, INCLUDING

RURAL CAP, WHICH COULD LOSE MORE THAN \$1.5 MILLION IN LOCAL INITIATE AND COMMUNITY NUTRITION FUNDING AND OVER \$500 THOUSAND IN ENERGY FUNDING;

LEGAL SERVICES, WHICH COULD BE COMPLETELY WIPED OUT, (AGAIN, THEIR FUNDING IS TO BE INCLUDED IN THE BLOCK GRANT AT A SUBSTANTIALLY REDUCED LEVEL);

OLDER PERSON'S ACTION GROUP, FUNDED ALMOST EXCLUSIVELY WITH AUTHORITIES PROVIDED BY THE ECONOMIC OPPORTUNITY ACT, WHICH COULD BE ELIMINATED;

CEDC, ALSO A FUNCTION OF THE FEDERAL COMMUNITY SERVICES ADMINISTRATION, COULD BE ELIMINATED OR SERIOUSLY CRIPPLED BY A COMPLETE LOSS OF VENTURE CAPITAL;

COALITION FOR ECONOMIC JUSTICE, A RURAL CAP DELEGATE AGENCY IN ANCHORAGE, COULD LOSE SUBSTANTIAL OPERATING FUNDS; AND

REGIONAL NON-PROFITS RECEIVING FUNDING THROUGH RURAL CAP COULD LOSE (IN THE AGGREGATE) MORE THAN \$500 THOUSAND IN FUNDING USED FOR ENERGY AND NATURAL RESOURCES PLANNING AND COMMUNITY EDUCATION.

THE LIST GOES ON. SUFFICE IT TO SAY THAT, IN THE EVENT THE FULL FEDERAL AGENDA IS ENACTED, COMMUNITY ACTION AND ALL ITS LOCAL VARIATIONS WOULD NOT EXIST IN ALASKA.

578

4/15/81

MR. CHAIRMAN, I AM RELUCTANT TO CONTINUE THIS LITANY. WHAT YOU HAVE JUST HEARD IS A BRIEF, SOMEWHAT SPECULATIVE, AND CERTAINLY INCOMPLETE SUMMATION OF THE IMPACT OF THE PROPOSED FEDERAL BUDGET REDUCTION ON THE PEOPLE OF ALASKA AND THEIR INSTITUTIONAL CAPACITY TO RESPOND.

ALTHOUGH MORE PRECISE DATE IS STILL UNDER DEVELOPMENT, IT IS CLEAR THAT FISCAL YEAR 1982 WILL BRING FAR-REACHING AND PROFOUND IMPACTS.

HOUSE BILLS 489 AND 490 WOULD, WE BELIEVE, PROPERLY RESPOND TO THE SITUATION. BY PROVIDING A MECHANISM TO ESSENTIALLY "HOLD HARMLESS" EXISTING ORGANIZATIONAL FUNDING LEVELS THROUGH THE COMING FISCAL YEAR, AND BY PROVIDING FOR A COMPREHENSIVE FISCAL AND POLICY REVIEW BY OFFICIALS OF THE LEGISLATURE AND THE ADMINISTRATION, THE LEGISLATURE CAN TAKE APPROPRIATE ACTION, BASED UPON A FULL SET OF FACTS, FOR FY 1983 AND BEYOND.

AS YOU MAY KNOW, RURAL CAP, THROUGH THIS YEAR'S CITIZEN'S PARTICIPATION CONFERENCE HAS PROPOSED A COMPREHENSIVE STATE "COMMUNITY SERVICES ACT" FOR CONSIDERATION BY THE LEGISLATURE. ALTHOUGH WE BELIEVE THIS TO BE A GOOD START AT RESPONDING TO BOTH THE DEMONSTRATED NEEDS OF ALASKANS AND THE IMPACT OF FEDERAL BUDGET CUTS, IT MAY WELL BE PREMATURE AT THIS TIME TO URGE ITS ADOPTION. RATHER, WE WOULD RECOMMEND THAT THE FEDERAL PROGRAM REVIEW COMMITTEE AUTHORIZED BY HB 489, REVIEW THAT PROPOSAL IN LIGHT OF MORE PRECISE INFORMATION.

FINALLY, I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK THE SPEAKER FOR HIS LEADERSHIP ON THIS IMPORTANT ISSUE. BE ASSURED THAT RURAL CAP SUPPORTS HIS EFFORTS AND THAT WE PLEDGE OUR COOPERATION WITH THE EFFORT TO OBTAIN AND ANALYSE DATA AND TO DEVISE AN APPROPRIATE LONG-RANGE STATE RESPONSE.

THANK YOU.

HOUSE FINANCE COMMITTEE

April 16, 1981

8:40 a.m.

[Tape HFC 81-43, Side 2, #001]

PRESENT

Chairman Cotten called the meeting to order at 8:40 a.m. All members of the Committee were present, with Representatives Meekins, Carney and Moss arriving later in the meeting. Also in attendance: Representatives Don Clocksin, Mike Miller and Terry Martin; Louanne Cutler, Administrative Assistant to Representative Buchholdt; Rod Betit, Director, Division of Public Assistance, and John Pugh, Director, Division of Family and Youth Services, Department of Health and Social Services; Jerry Schilz and Alison Elgee, Fiscal Analysts, Division of Legislative Finance.

SSHB_41

Chairman Cotten brought HB 41 up for consideration:

SSHB_41 - "An Act relating to the health of residents of the state; and providing for an effective date."

Louanne Cutler, Administrative Assistant for Representative Buchholdt, provided an overview of the fiscal note for the bill. She discussed the general-federal fund match. She pointed out the cost for the State's share of medicaid won't come until FY 83. She also noted that Public Assistance now only offers certain services, but this bill would make all services available, and the federal government would pay 50%; currently, the State pays 100%. There was brief discussion.

SSHB_41 (FINANCE) REPORTED OUT

Representative Rogers moved to report out a Finance Committee Substitute for SSHB 41, with a \$3,768,900 fiscal note. There being no objection, it was so ordered. SSHB 41 (Finance) was reported out with a "do pass" recommendation.

HB_187

HB 187 was the next bill to come before the Committee:

HB_187 - "An Act relating to the penalty on tax."

(Representative Freeman left the meeting.)

Representative Montgomery indicated the Judiciary Committee recommended this, and he is comfortable with it. He said the tax should be computed on what is owed under Title AS 43.21.

(Representatives Meekins and Carney arrived at this time.)

By putting the penalty on the whole amount, Representative Rogers commented, gives Revenue a handle on enforcing them to file. Representative Montgomery offered to have a tax representative present at the 1:30 p.m. meeting, if the Committee wished to put off consideration of this bill until that time. Representatives Adams and Rogers requested the bill be rescheduled for a 1:30 p.m. hearing.

HB 187 HELD

HB 188

The next order of business was HB 188:

HB 188 - "An Act making a special appropriation for reconstruction of the Iditarod Elementary School in Wasilla; and providing for an effective date."

Chairman Cotten noted this bill was originally reported out on February 25, 1981, with a \$2 million fiscal note and then taken from the Rules Committee and returned to Finance on March 31.

Representative Carney, bill sponsor, explained this would fund the total reconstruction of the school that was destroyed by arson. The attorneys have indicated more funds will be received from the insurance settlement, he said, and the State would get all the money back when the insurance claim is settled.

RECESS

(Chairman Cotten called a brief recess at 9:00 a.m. and reconvened the meeting at 9:05 a.m. Representative Moss arrived during this time.)

Answering a question from Representative Montgomery, Representative Carney explained the original appropriation was the difference between the insurance claim and how much reconstruction will cost. He indicated CS HB 188 (2d Finance) represents the full amount for reconstruction, \$6,200,000, which will be reimbursed to the State when the claim is settled.

Representative Malone posed the question that, if this legislation is enacted and a grant made to the Matanuska-Susitna Borough, will this then be eligible through the reimbursement program. Chairman Cotten indicated they would certainly want to make sure it did not happen that they would be paid twice. Representative Malone suggested perhaps a letter of intent be included, which would be sufficient, stating this is not eligible under statute under the reimbursement program. Representative Carney indicated concurrence.

During discussion, Chairman Cotten asked the replacement costs, and Representative Carney indicated \$5,400,000 for the school.

then there are demolition costs and replacement of contents. They went to court to get more than the insurance company is offering, which is why it is taking more time, he said.

Since the State has responsibility for public education, Representative Malone stated he feels they ought to investigate some State insurance company, as he suspects it might be cheaper than separate insurance companies across the State. Representative Carney mentioned the company that made the error is the same one that has applied for this.

Representative Montgomery indicated it was he who had brought up some of the original questions, which have been answered, and he can now support the bill, especially with intent language.

CSHB 188 (2d FINANCE) REPORTED OUT

Representative Carney moved to report out a Second Finance Committee Substitute for HB 188. There being no objection, it was so ordered. CSHB 188 (2d Finance) was reported out with a "do pass" recommendation.

HB 174

The next bill to come before the Committee was HB 174:

HB 174 - "An Act relating to aid to families with dependent children; and providing for an effective date."

Representative Miller began his testimony by advising the fiscal note dated 4/3/81 is the latest, and one which he feels represents the best estimate, an "honest figure". The thrust of this bill, he said, is that any pregnant woman should not be forced to have an abortion. "It is neither pro-life, nor pro-choice," he said, but one that offers an alternative. At the present time, he advised, the State is paying for abortions. The goal of this bill is to provide another economic option, which is the choice of the woman, he stated. The bill, he explained, also provides for prenatal services, delivery services, adoption assistance; it also provides counseling in these areas. It is his belief the counseling services provided during the period right after the birth of the child will save the State money in the long run; particularly in the case of a single parent, as it would help him/her to make that decision.

(Representative Freeman rejoined the meeting.)

{Tape HFC 81-44, Side 1, #001}

Representative Meekins asked if any opposition to the bill has been expressed, and Representative Miller indicated everyone who testified before the HESS Committee spoke in favor of the bill. He noted, however, there was one qualification requested by the pro-life group, which is that language be added on page 1, line 19, of CSHB 174 (HESS) that "a pregnant woman who expects to

bring to full term". He said they felt this would be an authorization for abortion. Referring to Item #8 of the handout (see Attachment 2) from Jerry Schilz, he said adding this is not going to be a source of abortion. But if that language were included, he added, this would then be out of conformity with the federal language. He again stated, "This bill should not be construed as being either pro or con, but strictly an alternative."

Referring to Section (3), Representative Meekins wondered if the word "parenting" should be added, as he feels counseling in that regard can make a difference. Representative Miller indicated that certainly wouldn't hurt and may make it clearer if "counseling, including parenting skills" were added.

There was discussion on Item #8. Representative Miller advised this applies to the federal medicaid law, and Section (2) of the bill only covers delivery services under medicaid; the rest relates to General Relief Medical. Then this does not make every pregnant woman eligible for medicaid, commented Chairman Cotten; and Representative Miller indicated that was correct, this does not "open up the doors".

There was discussion on the "low income" criteria. Representative Rogers expressed concern this program might prove beneficial to some women living out of State. Representative Miller indicated a residency clause could be inserted, however, he hoped to see the program work for a year as is. Rod Betit pointed out Washington State currently has this same type program. Representative Adams suggested perhaps language be amended on page 1, line 27, for those women who want an abortion. Representative Miller advised this is already provided in the existing situation. Representative Buchholdt wondered how many times a woman would be eligible for this program, and Representative Miller indicated there is no limit, just as there is no limit for abortions. Representative Haugen asked if any consideration was given to making the father of the child pay.

Representative Martin testified briefly that the State used to have this program up until 1977 when it was stopped due to economic factors. He stated he feels "most of these kids will be adopted."

HB 174 HELD

ADJOURNMENT

The meeting adjourned at 10:00 a.m.

Tape HFC 81-43, Side 2, #001 - End
HFC 81-44, Side 1, #001 - #401

Attachment 1

FISCAL SUMMARY FOR CSSSHB 41 (Finance)

<u>FY '82</u>	<u>FY '83</u>	<u>FY '84</u>	<u>FY '85</u>	<u>FY '86</u>
11631.8	13353.4	15338.3	17619.6	20241.0
6781.6 (4619.1)	7782.0 (5311.9)	8938.8 (6108.6)	10268.4 (7024.9)	11796.0 (8078.9)
180.0 0.0 1426.4	414.0 8800.0 1563.6	476.1 23950.0 1703.1	547.5 51420.0 1873.3	629.6 63107.0 2060.6
0.0	0.0	0.0	0.0	0.0
<u>3768.9</u>	<u>13247.7</u>	<u>28959.4</u>	<u>57084.3</u>	<u>69514.3</u>
15400.7	26601.1	44297.7	74703.9	89755.3

584

4-16-81

FISCAL SUMMARY FOR CSSSHB 41 (Finance)

	<u>FY '82</u>	<u>FY '83</u>	<u>FY '84</u>	<u>FY '85</u>	<u>FY '86</u>
Federal funds:					
1. Medicaid match	11631.8	13353.4	15338.3	17619.6	20241.0
General fund:					
DISS					
1. Medicaid	6781.6	7782.0	8938.8	10268.4	11796.0
2. GRM transfer to 50% federal match	(4619.1)	(5311.9)	(6108.6)	(7024.9)	(8078.9)
ADMIN.					
1. Alcoholism	180.0	414.0	476.1	547.5	629.6
2. Benefits/cost sharing	0.0	8800.0	23950.0	51420.0	63107.0
3. Administration	1426.4	1563.6	1703.1	1873.3	2060.6
REVENUE					
1. Rogers amendment	0.0	0.0	0.0	0.0	0.0
<u>TOTAL GENERAL FUND</u>	<u>3768.9</u>	<u>13247.7</u>	<u>28959.4</u>	<u>57084.3</u>	<u>69514.3</u>
Total of g.f. and fed. funds	15400.7	26601.1	44297.7	74703.9	89755.3

(LC: 4/14/81)

STATE ASSISTANCE PROGRAMS
DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Services Agencies	Eligibility Requirements	Services	Population Served
I. <u>Division of Public Assistance</u>			
1. Food Stamps \$179-\$359	Low income (\$6,300 for a family of 2).	Food supplement coupons	Approx. 38,000/mo.
2. Aid to Families with Dependent Children (AFDC) Adult Not Identified <u>One Adult</u> <u>Adult Not Identified</u> \$457-\$629 \$200-\$514 These pymts are for 1-4 children; add \$57.00 for each additional child.	Low income women (\$5,500 per year for a family of 2) who are single or separated with dependent children living in the home.	Income maintenance and medical care assistance through Medicaid.	Approx. 13,000/mo.
3. General Relief Maximum is \$80.00	Temporary Relief for persons who have no resources to meet an immediate need.		
4. Adult Public Assistance \$383-\$695	Blind, disabled and aged, with income of \$5,700 per year for single adults.	Income maintenance and medical care assistance through Medicaid.	Approx. 5,000/mo.
5. General Relief Medical	Low income (adult w/1 child, \$4,000 per year) who are not eligible for Medicaid coverage.	Medical care assistance	Approx. 7,000/mo.
6. Catastrophic Illness	Those who have suffered illness/injury and who do not have the resources to meet the expenses.	Medical assistance as determined by a three member committee.	Approx. 300/year

585

ST-54

STATE ASSISTANCE PROGRAMS
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
(continued)

Services Agencies	Eligibility Requirements	Services	Population Served
7. Medicaid	Must be covered by State and categorical programs such as AFDC or Adult Public Assistance.	Medical care assistance to those individuals eligible for categorical programs.	Approx. 18,000/mo.
8. Energy Assistance \$250-\$650 once per year per household.	Low income household who is at or below Bureau of Labor Statistics Lower Living Standard.	\$450.00 average energy grant per year.	19,723 households
<u>II. Division of Family & Youth Services</u>			
1. WIN	Any able-bodied member of a family receiving AFDC cash payments who is 16 years of age, not in school and not otherwise exempt, must participate as a condition of receiving an AFDC grant.	Provides social services needed to obtain and retain gainful employment; to assist applicants for AFDC to obtain employment.	To provide support for 945 WIN registrant dependents.
<u>III. Division of Public Health</u>			
1. Women Infant Children (WIC)	Low income (family of 2, up to \$12,500) pregnant women and children up to age 5.	Nutrition supplement coupons, nutrition education and counseling	Approx. 1,600/mo. in 26 communities
2. Early, Periodic, Screening, Diagnosis and Treatment (EPSDT)	Under 21 years of age, and Medicaid eligible.	Preventive health screening services for children and adolescents; referral to treatment and medical care assistance through Medicaid.	Approx. 7,000/year
3. Handicapped Childrens Program	Children with physical handicapping conditions.	Medical diagnostic assistance provided to all - treatment based upon a sliding fee scale - of a family's ability to pay. Transportation and per diem are also included.	Approx. 1,800/year

505

Attachment 2

STATE ASSISTANCE PROGRAMS
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
(continued)

Services Agencies	Eligibility Requirements	Services	Population Served
4. Maternal & Infant Care Project - Juneau	Pregnant women who reside in the Juneau City and Borough. High risk conditions of pregnancy; and low income (up to \$12,500 for a family of 2) in the city's care.	a. education and counseling available to all. b. medical care assistance provided according to a family's ability to pay based on a sliding fee scale.	Approx. 125/year Approx. 70/year
5. Improved Pregnancy Outcome Project - Fairbanks	Pregnant women who reside in the Fairbanks Borough. Pregnant and low income women (up to \$12,500 for a family of 2). High risk medical conditions of pregnancy; and low income (up to \$12,500 for a family of 2)	a. education counseling and patient follow-up to all. b. Medical care assistance for initial prenatal physician visit. The amount of assistance is provided according to a family's ability to pay based on a sliding fee scale. c. Medical care assistance for all outpatient prenatal medical care. The amount of assistance provided according to a family's ability to pay based on a sliding fee scale.	Approx. 250/year Projected 70/year

4-16-81

507

Attachment 2

HOUSE FINANCE COMMITTEE

April 16, 1981

1:45 p.m.

(Tape HFC 81-44, Side 1 #407.)

PRESENT

All Members of the Committee were in attendance. (Representative Malone arrived later in the meeting.) Also present were: Representatives Sally Smith, Mike Miller and Don Clocksin; Kerry Romesburg, Executive Director, Alaska Post Secondary Education Commission; Bill Zyback, Alaska Statewide Student Association; Rod Betit, Director, Division of Public Assistance, Department of Health and Social Services; John Pugh, Director, Division of Family and Youth Services, Department of Health and Social Services; and Alison Elgee and Jerry Schirz, Legislative Finance Division.

HB 31

Chairman Cotten called the meeting to order and brought up HB 31.

HB 31 -- "An Act relating to the management and use of state, municipal and private land; annulling 11 AAC 53.450(c); and providing for an effective date."

Chairman Cotten announced that several things have happened since the Finance Committee reported out CSHB 31 (finance). He advised that he hasn't moved to bill to the Chief Clerk's desk because there were two technical problems with the bill. He briefly explained the two areas that need correction. Chairman Cotten advised the Bill is still in the possession of the Finance Committee. He said it appears that, since the bill was reported out, there have been further efforts towards a compromise on the issue, and since the goal is to get a bill passed this year that meets the needs of their constituents, he would like to bring the bill back to the Committee for further consideration.

Representative Rogers MOVED AND ASKED UNANIMOUS CONSENT that they rescind their action in reporting CSHB 31 (fin) out of Committee. There being no objection, it was so ordered.

CSHB 31 (fin) was back before the Committee. Chairman Cotten announced the Bill would be reconsidered as soon as possible.

SSHB 32

The next bill to be considered was SSHB 32.

SSHB 32 -- "An Act relating to undergraduate and graduate scholarship loans; and providing for an effective date."

MR. BILL ZYBACK, Lobbyist for Alaska Statewide Student Association, said all indications are there is a need for forgiveness of the loans. He said the students advocate a 20% increase, for a 50% forgiveness to students returning to the State. He said this would encourage students to come back to the state after graduating from college. Representative Montgomery said this could probably be done, but they would have to reduce the amount of the loans. He said he didn't think they could have the best of both worlds. There was further discussion.

(Representative Malone arrived at this time.)

Representative Buchholdt presented a revised Finance CS, and said it does have several provisions that are favorable to the students. Representative Rogers said they have increased the amount being forgiven even though they haven't increased the percentage.

Representative Montgomery said he still has a major concern regarding the amount of obligation the student is undertaking. He suggested that very graphic attention be drawn to the amount that has to be repaid, so that a student knows what his obligation is.

Representative Buchholdt MOVED that CS SSHB 32 (fin) be adopted and reported out of Committee. There being NO OBJECTION, it was so ordered.

Representative Rogers MOVED that the fiscal note for CS SSHB 32 (fin) in the amount of 14,658.6 dated 4/16/81 be adopted. There being NO OBJECTION, it was so ordered.

Representative Rogers presented two options for a letter of intent for CS SSHB 32 (fin). They are:

Option 1. "It is the intent of the Committee that in negotiating the loan repayment schedules for student loan borrowers under AS 14.40.763(g) and (j), the Student Financial Aid Committee shall establish a regular ten-year schedule based upon 60% of the total loan. These terms, except for deferment and hardship provisions, shall continue throughout the first six years of repayment. The terms for the seventh through the tenth years of repayment shall be adjusted as necessary to reflect any forgiveness benefits accrued under AS 14.40.763(j)."

Option 2. "It is the intent of the Committee that loan forgiveness established under AS.14.40.763(j) occur before the end of the repayment cycle. Under the current practice, students cannot perceive (sic) the benefits of the forgiveness provisions of the statute during the first years repayment. For the loan forgiveness to be a truly effective incentive, benefits should be realized as they are earned.

"It is the intent of the Committee that forgiveness benefits be provided to the borrower in the form of annual refunds as eligibility is established. Under this policy, the borrower remaining in the state will get 10% loan forgiveness at the end of each of the first four years of repayment."

Representative Rogers explained Option #1 assumes 40% forgiveness, and the first six year's repayments are based on that; if they don't get the forgiveness the payments go up in years seven through ten. He explained under Option #2 the forgiveness is taken off the first four years rather than off the end. Representative Rogers said his feeling is option #2 is a good way of giving people direct benefit for staying in the State.

Chairman Cotten said this seems to be a fairly significant change, and he wondered if it might not be better to address this through legislation changing the statutes rather than a letter of intent. There was brief discussion. The Committee decided to not adopt either letter of intent.

CSHB 32 (fin) was REPORTED OUT with a "do pass" recommendation.

HB 177

The next bill to be considered was HB 177.

HB 177 -- "An Act making a special appropriation to the Department of Transportation and Public Facilities for the resurfacing of the highway from the Yukon River to the Arctic Ocean; and providing for an effective date."

REPRESENTATIVE SALLY SMITH commented that this road is a controversial item. She said it would take about \$30 million to resurface the entire road. The \$8 million requested under this appropriation bill would cover approximately the northern third of the road. Representative Smith said DOT/PE has several contracts out for maintenance of the road, and a contractor in Fairbanks has the top one-third of the road.

Representative Smith said the road is now completely open to commercial vehicles. She commented further on the poor condition of the road, and advised the road is scheduled to open this summer for public traffic. She said the public traffic will not

cover the upper one-third of the road, but that is the worst portion of the road.

Representative Smith said this is not a Fairbanks road, and that is why they are not requesting this as a capital budget item. She said the road is part of the State's highway system.

Chairman Cotten asked if the road was going to be open up to Dietrich to the public, and Representative Smith said this was correct. Chairman Cotten asked why, then, they were putting the money into the part of the road that goes from Dietrich to the Arctic Ocean. Representative Smith explained that is where the problem is and where the complaints are right now. Representative Moss agreed with Representative Smith, and said if something isn't done about the road soon, there is really going to be trouble.

In answer to questions from Representative Montgomery, Representative Smith said approximately 150 heavy trucks travel the road every day. She said the road hasn't been maintained to the degree necessary for that kind of traffic. She advised there is also some question on whether or not the road had been given to them in the condition agreed upon.

Representative Smith said there are going to be additional funding requests for the road, particularly from DOT. She said they need to get a crown on the road, and there is also a need for enforcement.

Representative Adams said he is not opposed to the Bill, but it does need to be amended. He said culverts need to be placed in. He said planning funds also need to be appropriated to the Fairbanks North Star Borough and the North Slope Borough to deal with the impact of the effect on animal and wildlife. Representative Smith said they have tried to take care of some of that, but not in this Bill. She said there have been requests for additional enforcement and personnel for the road. In addition, she said this is a BLM corridor. She said the State has fairly strict restrictions on the use of a corridor. She agreed there is a need for culverts.

Representative Adams requested the bill not be passed out until he has an opportunity to get the figures for adding culverts and the proper amount for planning monies.

Representative Smith asked why he was including the Fairbanks North Star Borough in his request for planning monies. She pointed out the Yukon River Bridge is located outside the Borough. Representative Adams said he would make the request just for the North Slope Borough then. He said he wants to be sure it is properly done if they are going to do it. There was further discussion.

HB 177 was held until Tuesday morning's meeting to give Representative Adams an opportunity to come up with a figure for placing culverts.

RECESS

Chairman Cotten called for a recess at 2:30 p.m. and recalled the meeting to order at 2:45 p.m.

HB 330

The next bill to be considered was HB 330.

HB 330 -- "An Act relating to payment of the costs of care of pregnant women; and providing for an effective date."

MR. ROD BETIT, Director, Division of Public Assistance, Department of Health and Social Services explained that section 2 of the bill expands the Medicaid Program to women who have countable incomes of less than \$457 per month. In answer to a question from Chairman Cotten, Mr. Betit said under Medicaid it is net income, under General Relief Medical it is gross. Chairman Cotten asked if this means a woman making \$456 net a month becomes eligible. Mr. Betit said she becomes eligible under Medicaid and she can receive other benefits as well. He advised that right now the income level is \$300 or less. He said that previously they were paying prenatal costs and delivery under General Relief Medical and then shifting into Medicaid. He explained this bill shifts prenatal care to Medicaid. He said the effect of increasing the net income limit increases the number of potential users of the service by 3 times, but the increase to the state general fund will only be 50% (state/general fund match).

Mr. Betit advised the same service will be added in HB 41, and HB 174 would also add to these services. Representative Meekins asked if any part of HB 330 was not covered in HB 41. Mr. Betit explained that section 3 is not covered in HB 41. Representative Meekins said if HB 41 were to pass they wouldn't need sec. 2 of HB 330. Mr. Betit agreed. Representative Meekins said it doesn't hurt to have it placed in both bills. Mr. Betit agreed. Representative Meekins said that section 3 of HB 330 is not in any other bill. Mr. Betit agreed.

MR. JOHN PUGH, Director, Division of Family and Youth Services, Department of Health and Social Services, said that section 3 of the bill pays for social services for a pregnant woman during the prenatal and postpartum periods. This would include adoption assistance, counseling, transportation, care of maternity, foster and boarding homes. He advised this section adds new services that were not in existence. Mr. Pugh said the Department's position is these services would be contracted directly with community providers throughout the state. He said at the present time there is only one provider -- the Booth Memorial Home in Anchorage.

Mr. Pugh said the Department will have to come out with some regulations to follow through on the legislature's position. He pointed out that under the bill, the service could be for all pregnant women, both married and unmarried. He said the Department's fiscal note only addresses unmarried women.

Representative Malone referred to the "Legislative Findings and Purpose" section of the bill, where it referred to "social, economic and medical difficulties associated with childbearing", and he wondered how they would set a regulation covering social and economic difficulties. Mr. Pugh said it is going to be difficult to come up with social indicators of problems. Representative Malone said section 3 of the bill says the department "shall pay the cost of prenatal services other than medical services for a pregnant woman", but the statute does not set out any specific regulations on that. He wondered if some of the "findings and purpose" legislation should be moved to section 3. REPRESENTATIVE MILLER said to him the language is adequate as it is. He said the Department does feel they can come up with regulations that will answer the problem "without opening up the key to the treasury".

Representative Montgomery referred to page 1, line 22 of the Bill, "Purchase of Services", and he asked if all these services would be available to anyone regardless of their economic standing. Mr. Pugh said that was correct the way the bill is presently drafted. Representative Montgomery said need has nothing to do with this section. Mr. Pugh said that is correct at this point. He said the Department could come in with regulations using the legislative findings and purpose.

Chairman Cotten said for the services listed, most people with money are not going to ask for this help. There was further discussion. Chairman Cotten said that even though it does apply to everyone, it would appear everyone doesn't need these services. He said he didn't think they would find that people who have their own means are interested in the services indicated in the legislation.

Mr. Pugh said one area they might be interested in would be the counseling and adoption assistance. He said there was concern that counseling be made available. He said there was also a strong feeling that that assistance should be available without regard to income.

(Tape change, HFC 81-45, side 1.)

Mr. Pugh referred to the fiscal note and said the Department is having a hard time estimating what the cost is going to be.

Representative Montgomery said he cannot understand why this program is not associated with need. Representative Malone suggested including the language in the findings and purpose section, "women experiencing social, economic, and medical

difficulties associated with childbearing" be added under the Purchase of Services for Pregnant Women section on line 24.

In answer to Representative Malone's questions on the fiscal note, Mr. Pugh said in terms of start up, they are probably high in the first year of the fiscal note. He said if the bill passes, he thinks they will see maternity homes turning up all over the state. Representative Malone said the fiscal note presupposes a certain target group. He said they would be starting a program and it may be that only about half of the maternity home care that might be required would actually be available.

Representative Rogers asked if counseling included counseling on birth control. Mr. Pugh said the definition of counseling has not been defined at this time. He said if the legislature wanted to assure that it happen, it would be best to include it in the bill. He explained they go public with their regulations, so they can't assure that it would be put in.

Representative Rogers asked if prenatal services other than medical services would include the services of mid-wives. Mr. Pugh said he didn't think it would. He said if they considered it nonmedical, he would think it could qualify. Representative Rogers said he thinks this is going to be a major point. He commented further.

Representative Rogers recommended that on page 1, line 26 after "counseling" the following be added "including but not limited to birth control and parenting skills."

Representative Malone said he thinks the "medical" and "nonmedical" services question needs to be addressed in the legislation.

Chairman Cotten APPOINTED A SUBCOMMITTEE with Representative Meekins as Chairman, and Representatives Buchholdt and Montgomery as members, to consider HB 330 and come back to the full Committee with a recommendation.

ADJOURNMENT

The meeting adjourned at 3:30 p.m.

Tape HFC 81-44, side 1 #407 to end
side 2 #001 to end
HFC 81-45, side 1 #001 to #454