

S B

291

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SB 291

SPONSOR Governor

BILL TITLE Misc. statute changes to allow
budget reductions

DATE REFERRED 4-20-89

HEARING SCHEDULED

FISCAL NOTE PREPARED ✓

SPONSOR CONTACTED Alison, OMB

INTERESTED PARTIES CONTACTED

Dierdorff SB 291
- unconstitutional
title
- bill needs lots
of work

OTHER

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



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

907-465-3712

Senate State Affairs Committee

February 17, 1990

Jonathan Jordan
10248 Jamestown Drive. # J
Anchorage, AK 99507

Dear Mr. Jordan;

Thank you for your letter stating your views on SB 79 and SB 291. The Senate State Affairs Committee heard SB 79 at the same we heard the companion bill, SS SJR 5, which is a resolution that would constitutionally dedicate permanent fund earnings and establish a 1996 appropriation limit of \$1.4 billion. A Committee Substitute was developed for SS SJR 5 to incorporate the major points of SB 79, making moot SB 79. I encourage you to follow CS SS SJR 5, which was passed out of the Senate State Affairs Committee and currently sits in Senate Finance Committee.

I enjoyed reading your comments on SB 291, "An Act revising existing law prescribing the powers and duties of state agencies, in order to realize reductions in the state budget and providing for an effective date." I agree with your concerns over the possible unconstitutionality of the title. If we choose to hear this bill, it will require a considerable amount of work to clarify if the provisions in this bill ensure cost savings without negative impacts. If I do schedule a hearing, I will contact you well in advance to allow time for you to prepare written comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat".

Senator Pat Pourchot

Alaska State Legislature

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Senator Pat Pourchot

Jonathan Jordan
10248 Jamestown Dr. #J
Anchorage, Alaska 99507
January 31, 1990

Senator Pat Pourchot
Chairman, Senate State Affairs Committee
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Senator Pourchot:

Of the many bills and resolutions introduced in the Alaska Senate, I would like to discuss two that have been referred to the State Affairs Committee and urge your timely consideration of the following issues:

- SB 79** The current Constitutional limit on state government spending so far exceeds the current budget as to be meaningless, but the concept of a budget limit is extremely important in these days of declining revenue projections. SB 79 imposes new goals and guidelines to ensure that spending is reduced in line with revenues. It is unfortunate that such a bill would become necessary, but the majority of Alaskans are calling for reductions in the state budget. Even though no constituent group wants the programs that benefit them to be cut, it is the job of the Legislature and Governor to make the hard choices of where to cut. It appears that the only way any meaningful cuts will be made is to mandate them with a bill such as SB 79. **For the fiscal future of the State of Alaska, I urge you to consider and pass SB 79 as quickly as possible.**
- SB 291** The constitution of the State of Alaska limits the form of bills to one subject, except in certain cases, and it prohibits local or special acts being passed. SB 291, introduced at the request of the Governor, may meet the letter of the constitution, but it seems to violate its intent concerning the limit of one subject and it contains provisions that certainly appear to be local acts. The bill contains 31 sections with many unrelated issues, ranging from teaching practices and several education issues to hunting and fishing licenses to tourism and law enforcement. Certainly each of these issues should be considered, but it should not be required that they be considered in one package, as presented in this bill. This violates the intent of the constitution in that each issue is to be considered on its own merit. Also, the law enforcement issue in this bill (Sections 13 and 14) appears to be so specifically written as to impact very few areas in the State of Alaska. Whether or not the Governor intended this to be a punitive measure against specific areas of the state does not matter. If the measure is found unconstitutional, the whole bill may be thrown out on these grounds.

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10248 Jamestown Dr. #J
Anchorage, Alaska 99507
January 31, 1990

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ALASKA COMMISSION ON POSTSECONDARY EDUCATION

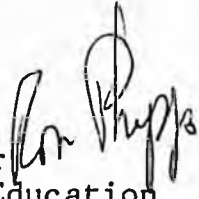
P.O. BOX FP
JUNEAU, ALASKA 99811-0599
PHONE: (907) 465-2854

M E M O R A N D U M

RECEIVED APR 26 1989

TO: House Finance Committee

Representative Lyman Hoffman
Representative Ron Larson
Representative C.E. Swackhammer
Representative Kay Brown
Representative Niilo Koponen
Representative Fran Ulmer
Representative F. Kay Wallis
Representative Ramona Barnes
Representative Randy Phillips
Representative Steve Rieger
Representative Richard Schultz

FROM: Ronald A. Phipps, Executive Director 
Alaska Commission on Postsecondary Education

SUBJECT: House Bill No. 301 / SB 291

DATE: April 25, 1989

The purpose of HB 301 is to ". . . realize reductions in the state budget." Sections 4 through 8 make amendments that would conform existing statutes to the provisions in Section 20 which repeal the entity known as the Alaska Commission on Postsecondary Education. The following discussion will show that the elimination of the Commission will not result in any savings to the general fund.

1. The original presentation by the Governor associated the amount of \$284,700 as a general fund savings. This would not only eliminate the functions performed by the Commission members but also require the elimination of 4 FTE administrative and support positions responsible for (1) authorization of postsecondary education institutions to operate in Alaska; (2) administration of the WICHE Student Exchange Program and the coordination activities of the WICHE Compact; (3) administration of the combined federal/state State Education Incentive Grant Program, (SEIG); (4) administration of the Memorial Scholarships and the Paul Douglas Teacher Scholarship; and (5) coordination of the federal reporting for the Integrated Postsecondary Education Data System. (See Attachment A.) Instead of a cost of \$284,700, the cost associated with those functions performed by the Commission members is \$27,850.

2. Since receiving information regarding budget reductions from the Governor, several discussions with bond counsel for the Alaska Student Loan Corporation revealed that the entire amount of general fund monies related to administration costs could be transferred to Corporation receipts because of their relationship to the quality, servicing, or amount of the student loans. Thus, the House Finance Committee budget shows a transfer of \$284,700 from general fund to program receipts in the General Administration component of the Commission's budget request for FY 90. The effect of this is that the elimination of the Commission will not result in any savings to the general fund.

Irrespective of the discussion regarding general fund savings, other considerations should be noted which cast doubt upon the benefits derived from eliminating the Commission and, in fact, may have deleterious consequences.

They are:

1. The bill moves all functions performed by the Commission within the Department of Education. This may increase costs. This conclusion was reached by the House Research Agency Research Request 89.250, "Transferring Functions of the Alaska Commission on Postsecondary Education to Other Agencies," dated March 13, 1989. The report states that moving all functions performed by the Commission within the Department of Education "is not likely to result in significant cost savings unless some functions are discontinued." The report notes further that the Alaska Commission on Postsecondary Education "sets salaries independently of the state classified salary schedule. If the Commission were merged with the DOE or DCED, the majority of staff would be classified. . . . As a result, placement of the Commission within the DOE or DCED could increase personal service costs."
2. The bill places a heavy burden upon the State Board of Education and its agenda. The postsecondary education level expertise is currently not represented on the State Board and the Board may find it needs its membership expanded. At present, the respective agendas for both the State Board and the Commission are extremely full and members are often finding it difficult to devote the time necessary to discharge duties in a reasonable and responsible manner. Appending these new responsibilities and duties to the State Board may prove quite undesirable to the respective constituencies of both the K-12 and the postsecondary communities.

3. To achieve the lowest possible debt service costs for the revenue bonds issued by the Alaska Student Loan Corporation, it is the goal of the Corporation to sell the bonds next year through a competitive sale. For other sales, the Corporation has issued bonds through a negotiated sale. One element in the decision to use negotiated sales was the fact that Alaska Student Loan Corporation Bonds are not well known in the bond market and the Corporation, therefore, benefits from the pre-marketing efforts from bond underwriters.

A factor which enhances the success of a competitive sale (e.g., low interest rates) is stability of the corporate structure of the issuer. We were required to disclose the introduction of this bill in the Official Statement for the bonds that the Corporation will be issuing this year (see Attachment B) and, therefore, the financial community is aware of the proposed reorganization. It may be an overstatement to suggest that passage of the bill would result in higher interest rates for the Corporation's planned competitive sale because of a negative reaction of potential bond purchasers to the reorganization. It is appropriate to suggest, however, that the proposed reorganization would not have a positive effect and could result in increased debt service.

In sum, elimination of the Alaska Commission on Postsecondary Education will not result in savings to the general fund and could increase costs.

STEVE COWPER, GOVERNOR

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

PO BOX 52
UNEAU, ALASKA 99811-0599
PHONE: (907) 465-2854

M E M O R A N D U M

TO: Paul Sterling, Budget Analyst
Office of Management and Budget

FROM: Ronald A. Phipps, Executive Director
Alaska Commission on Postsecondary Education

DATE: April 5, 1989

Thank you for providing me with a copy of the Governor's "Proposed Operating Budget Reductions." I thought it appropriate that I respond to you immediately because the explanation regarding the proposed elimination of the Alaska Commission on Postsecondary Education associated with the budget reduction of \$284,700 does not address the elimination of positions and their effect upon statutorily mandated programs.

In addition to eliminating the student loan appellant responsibilities of the Commission, the proposed reduction will require the elimination of 4 FTE administrative and support positions responsible for the following programs and activities:

1. Authorization of postsecondary education institutions to operate in Alaska (AS 14.48.010-210);
2. Administration of the WICHE Student Exchange Program and the coordination activities of the WICHE Compact (AS 14.010-060);
3. Administration of the combined federal/state State Education Incentive Grant Program, SEIG (AS 14.43.400-500);
4. Administration of the Memorial Scholarships (AS 14.250-325);
5. Administration of the Paul Douglas Teacher Scholarship (RL. 98-558);
6. Coordination of federal reporting for the Integrated Postsecondary Education Data System, IPEDS.

Paul Sterling, Budget Analyst
April 5, 1989
Page 2

Upon reading the list of Legislative major pass-through budget reduction considerations for FY90, I notice that the programs listed above were not included for reduction. The reduction proposed by the Governor, however, would in effect eliminate the programs by terminating administrative support.

I would also like to mention that the proposed reduction would profoundly affect the composition of the membership of the Board of Directors of the Alaska Student Loan Corporation. Alaska Statute 14.42.120 requires that the five Board of Directors appointed by the Governor consist of two members of the Alaska Commission on Postsecondary Education and the Commissioner of Revenue, Commissioner of Administration, and Commissioner of Commerce and Economic Development.

cc: Members of the Senate Finance Committee
Members of the House Finance Committee
Karen Rehfeld, Legislative Finance Division
Commission on Postsecondary Education

~~the Pledged Loans. Another bill, if it were to become law, would create a new category of eligible borrower, the part-time student. Generally speaking, the Program would apply to loans to part-time students in substantially the same way as it applies to loans to full-time students, although the repayment period would be five years from the commencement of repayment rather than ten years. A third bill, if it were to become law, would provide for the payment by the State, subject to appropriation, of a portion of a borrower's loan if the borrower is a health care professional employed in an area determined by the State to have a health care professional shortage. The Corporation cannot predict whether or not these bills will become law or, if they were to become law, what would be their impact on the Corporation and the security for Bonds.~~

A fourth bill, if it were to become law, would provide for, among other things, the legal termination of the Commission and the transfer of its staff to the Department of Education of the State. The Department of Education would assume responsibility for the administration of the Program. In addition, the composition of the Board of Directors of the Corporation would be altered and the office of the Executive Officer of the Corporation would be filled by the Commissioner of Education or the Commissioner's designee. The Corporation is unable to predict whether or not any such legislation will become law and, if it should become law, what would be its impact on the Corporation and the security for the Bonds.

PLAN OF FINANCING

General

The primary purpose of the issuance of the 1989 Series A Bonds is to fund Student Loans for the academic year 1989-1990. Upon issuance of the 1989 Series A Bonds and application of the proceeds to the payment of issuance costs and funding of reserves, the balance of the 1989 Series A Bond proceeds will be credited to the 1989 Series A Student Loan Fund. Amounts on deposit in the 1989 Series A Student Loan Fund are expected to fund approximately \$27,828,814 principal amount of Student Loans for the academic year 1989-90. The balance of any loans and cash held by the Corporation not expressly pledged as security for Bonds will be held separate and apart from the Indenture and will not be subject to the lien of the Indenture.

It is the goal of the Corporation to replace the State as the primary source of funding for loans made under the Program. Traditionally the State has funded such loans by direct annual appropriations to the Commission. Through the issuance of its bonds, notes and other obligations and the recycling of loan repayments towards the acquisition of new loans, the Corporation anticipates reducing its reliance upon State appropriations in financing loans. It is the Corporation's intention to maintain a mix between outstanding debt, State appropriations and repayments on loans held by the Corporation until new loan demand under the Program can be funded exclusively with loan repayments.

Assumptions Considered In Structuring the 1989 Series A Bonds

In structuring the 1989 Series A Bonds, the Corporation examined the existing loan portfolio credited to the Master Student Loan Fund under the Indenture and the loans financed with the proceeds of the 1988 Series A Bonds and credited to the 1988 Series A Student Loan Fund. The Corporation then made certain assumptions regarding such loans and the loans expected to be financed with the undisbursed proceeds of the 1988 Series A Bonds, a State appropriation, surplus moneys available under the Indenture and the proceeds of the 1989 Series A Bonds, which the Corporation believes to be reasonable based upon its experience and which are not controverted by actual facts known to the Corporation. See "The Alaska Student Loan Program—General" herein. The material assumptions made by the Corporation are summarized below.

1. It has been assumed that Pledged Loans held in the Master Student Loan Fund or the 1988 Series A Student Loan Fund as of December 31, 1988 in the aggregate principal amount of \$347,448,100 have characteristics substantially as set forth below under Portfolio 1, 2, 3 and 4 and 5 in the aggregate principal amounts represented by each portfolio. For purposes of this forecast, the Corporation has employed the loan balance information which appears on the records of the Commission, which services the Corporation's loans. This information varies somewhat from the loan balance information reflected on the Corporation's financial statements because it includes as loans outstanding all loans approved and disbursed, whether or not the

SB 2911

- Sec 1-3 ~~1-3~~ [Professional Teaching Practices Commission] <143.5>
- Sec 4-8 [Postsecondary Ed Comm] <284.7>
- Sec 9-10 F&G licensing → F&G fund <872.7>
- Sec 11 Crew member licensing from comm. fish licenses
- Sec 12 search & rescue from disaster relief <250.0>
- Sec 13-14 mandatory law enforcement ^{<1500.0>} - MUNIS.
- Sec 15-17 [Div Tourism] <2,817.8> 4
- Sec 18 [subdiv. sewage plan review] <649.97>
- Sec 19-30 tons of repeaters

STEVE COWPER
GOVERNOR



291

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 19, 1989

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

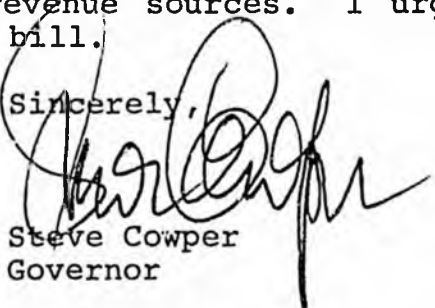
Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that revises existing powers of State agencies in order to realize potential reductions in the State budget. This bill makes statutory changes that are necessary to implement the operating budget reductions which I submitted at the budget summit on April 4, 1989. Those reductions would diminish many State services that are now in statute. Therefore, implementing those reductions without this bill would expose the State to great potential liability.

I consider this bill to be the equivalent of a bulk revision of the powers of State agencies which is necessary for the implementation of proposed budget reductions. Therefore, under the authority of art. II, sec. 13 of the Alaska Constitution, I am submitting these far-ranging statutory changes in one bill.

Enactment of this bill would allow for the reduction of the cost of operating State government which may be necessary absent the addition of new revenue sources. I urge your careful consideration of this bill.

Sincerely,



Steve Cowper
Governor

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: ALL
 Title: An Act Making Changes Necessary
to Realize Proposed Budget Reductions
 Sponsor: Rules BRU: _____
 Requestor: Governor Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	(See attached)				

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by: Alison M. Elgee, Director Phone: 465-3568
 Division: Budget Review Date: 4/17/89

Approved by Commissioner: _____ Date: _____
 Agency: _____

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

PROPOSED OPERATING BUDGET REDUCTIONS
(amount shown in thousands)

<u>Agency</u>	<u>Component/Description</u>	<u>Reduction Amount</u>
GOVERNOR	<p>Delete Governor's Wasilla and Delete Governor's Ketchikan Office: Closes two offices. 4 will remain in service - Juneau, Anchorage, Fairbanks and Washington, D.C. Eliminates 2 positions and leases for both offices.</p>	121.0
	<p>Alaska Land Use Council: Delete. Eliminates function that will terminate 12/90 unless extended by Congress. Eliminates Alaska's participation in Land Use Council Advisors and related funds. 2 staff positions will be deleted.</p>	109.7
	<p>Human Rights Commission: Reduce. Reduce Commission activities related to civil rights. Remaining staff and funds will focus on serving complainants with greatest need, i.e., physically and mentally disturbed, those needing housing assistance, etc. Cases will be referred to Seattle EEOC office whenever possible. <i>Intent language needed to refer cases to Seattle EEO and set out priorities for remaining staff.</i></p>	440.0
	<p>Equal Employment Opportunity: Reduces the Office of EEO and eliminates 9 positions. The Affirmative Action Plan, monitoring and training functions will move to DOA, Division of Personnel. Employment discrimination complaints will move to Human Rights Commission or Seattle EEO Office. 2 positions will be retained as will limited travel</p>	500.0

funds for the Governor's EEO Advisory Council. The Council will serve in an advisory capacity to the Division of Personnel. Remaining staff will monitor compliance of federal regulations in all agencies.

Governmental Coordination: Reduce Reduction of Coastal Management Program activity will result in federal match requirements being assumed by affected agencies and elimination of 2 positions. Reduction of the Permit Coordination Program (250.0) will increase review time for permits and eliminate 5 to 7 positions. Reduction in the ANILCA component (125.0) will place greater responsibilities on departments to implement in-depth reviews of conservation system unit plans and other ANILCA related activities. Eliminate 2.25 positions.

455.0

ADMINISTRATION

RATNET: Delete Discontinue statewide TV service to 246 communities. For approx. 130 communities this is the only TV received. Also will discontinue the carriage of public radio station KSKA-FM to several rural locations, the AIRRES reader service for blind people in Anchorage, and the statewide Emergency Broadcast System which provides notification of emergencies and disaster warnings. Eliminates 6 positions in Anchorage and the RATNET Council (travel/per diem). *May need statutory change.*

2,037.5

Public Defender: Reduce Close Sitka Office, eliminating 2 positions (120.7). Deny FY90 increment for Barrow attorney (87.4) leaving Barrow office at

353.4

same staff level as LAW's office there. Deny FY90 increment for an attorney and paralegal and eliminate a legal secretary in Anchorage (145.3).

Leasing: Reduction 874.5
Denies FY90 increments for leases. Closure of some offices could result in lease savings.

Alaska Public Offices Commission: 109.5
Reduces activity related to timely reporting, compliance assistance and enforcement of the 3 disclosure laws administered by APOC: Campaign disclosure, conflict of interest, and regulation of lobbying. *Statutory changes required to eliminate any APOC functions.*

LAW

Consumer Protection: 328.3
Elimination of the Consumer Protection Division - egregious cases would have to be absorbed by the Civil Division. *Statutory changes required.*

Prosecution: 441.5
Closure of both the Sitka and Dillingham offices resulting in limited services as a result of temporary assignments. Elimination of the only position devoted to "White Collar Crime".

Legal Services: 620.4
The State would continue to be reactive, spending more time defending the State against private plaintiffs and less time affirmatively asserting the State's rights.

REVENUE

Commissioner's Office: 351.7
Delete Research Section. 5 positions will be eliminated. 1 position will remain to

coordinate revenue projections for non-petroleum areas and the Oil & Gas Audit Division will assume responsibility for petroleum-related projections.

Alaska Science & Technology Foundation: Fund change. Funds from the Foundation's \$6,000.0 capital appropriation for grants will be used to fund staff costs and council activities. 334.3

EDUCATION

Instructional Technology Support: Eliminates distance delivery of educational courses and materials support. Transfer of remaining \$117.3 to Basic Education and Instructional Improvement for student assessment. 261.9

Professional Teaching Practices: The primary role of the Prof. Teaching Practices is investigation of alleged misconduct by members of the teaching profession. Repeal the statute, and give responsibility to the local elected school board. *Needs statutory change.* 143.5

Alaska State Museums: Reduce museum operations and rewrite specific functions mandated under statute. Services provided in this reduction can be provided by local schools, volunteers and community effort. *Needs statutory change.* 600.0

Executive Administration: Eliminate membership in Education Commission of States. *Needs statutory change.* 29.1

Alaska Postsecondary Commission: Elimination of the Postsecondary Commission which provides for policy coordination for the 284.7

efficient use of Alaska's financial resources in providing postsecondary educational services. *Needs statutory change.*

HEALTH
AND
SOCIAL
SERVICES

Family and Youth Services: 117.6
Family Services - Eliminate adult protection program. Delete 3 PCNs in Anchorage and 1 PCN in Fairbanks. (Would require corresponding reduction in Purchase Services for Adult Protection of \$372.1) *Needs statutory change.*

Youth Services: 1,084.4
Provide detention services only in Bethel and Nome. Bethel delete 8 PCNs and Nome delete 4 PCNs.

Public Health: 506.0
Eliminate general fund from AIDS program. Remaining federal money allows state to continue epidemiology, counseling and treatment activities at lesser level of effort.

Vital Statistics: 457.9
Reduce general fund and replace with new general fund/program receipts generated by fee increases. *Needs fee increase.*

Health Grants: 415.0
Delete General Health Service grants. Eliminates certain dental, cancer screening and other special programs not generally available statewide.

Health Grants: 570.0
Delete rural health clinics leasing support, Indian health service budget increases replace general fund for some clinics.

LABOR	Occupational Medicine: Delete program and budget. Use DHSS epidemiology and DEC professional staff when necessary.	121.5
	Worker's Compensation: Reduce program due to reduction in caseload as a result of legislative reform.	126.2
	Occupational Safety: Reduce logging increment by 50%. Potential federal funding to replace general fund.	42.7
COMMERCE AND ECONOMIC DEVELOPMENT	Merge Division of Tourism and Business Development: Retains at least \$1,500.0 for international tourism and independent traveler promotions. Retains minimal response capabilities for providing information to corporations in business activities in Alaska and coordination with University economic development and business assistance programs. <i>Requires repeal of some economic development statutes.</i>	2,817.8
	Alaska Tourism Marketing Council: Retains \$1,500.0 in general fund program receipts to continue national tourism promotions. Industry could generate additional fees to increase the budget.	6,461.1
MILITARY AND VETERANS AFFAIRS	Veteran's Affairs: Reduce Reduction in Veteran's Affairs will result in eliminating Veteran's newsletter and one position.	100.0
	Alaska National Guard: Eliminate increment to provide janitorial service. Military personnel will continue to provide services.	100.0

NATURAL
RESOURCES

Recorder's Office:

325.0

This reduction will result in the closures of recorders' offices in Kodiak, Homer, Nome, Bethel, Kenai, Palmer, Sitka and Ketchikan. Responsibility for the work performed in these offices will be transferred to the remaining offices in Juneau, Anchorage and Fairbanks.

Commissions:

159.2

This reduction will result in the termination of the Citizens Advisory Council on Federal Areas which provides a forum for monitoring federal land management proposals and resolving land management conflicts. *Needs statutory change.*

Fire Suppression:

3,500.0

This change will require a major reduction in the scope of fire suppression efforts on state land, only those fires which directly threaten life and property will be fought.

Geological Management:

52.9

Eliminates funding for completion of a geothermal resource appraisal. Specific products which will not be completed include publication of a geothermal resource map for the Alaska Peninsula area, a report on the Makushin geothermal resource area, and completion of data for a southcentral geothermal resource map.

Parks & Recreation Management:

77.4

Eliminates funding for the Alaska Historical Commission and for fundamental archeological research aimed at salvaging information from sites threatened by erosion, vandalism, and looting.

	Parks Management:	200.0
	This change replaces \$200.0 in general funds with \$200.0 in general fund/program receipt authority. Parks personnel will assess the potential for park fee increases to generate this additional revenue. <i>Needs fee increase.</i>	
	Agricultural Management:	936.8
	This changes eliminates general fund support for administration of the state's agricultural management programs. Agricultural Revolving Loan Fund receipts will be used to support necessary activities as the state's involvement in agriculture management is phased out.	
FISH AND GAME	Administrative Services:	872.7
	Shifts support for the fish and game licensing program from the general fund to the fish and game fund for the sale of sport licenses and general fund/program receipts for the sale of commercial crew licenses.	
PUBLIC SAFETY	Search and Rescue:	250.0
	Disaster declaration would be declared for major efforts.	
	Alaska State Troopers:	1,500.0
	Coverage would no longer be provided in organized municipalities with police powers. <i>Needs statutory change.</i>	
	Motor Vehicles:	850.0
	Maintains field offices in Anchorage, Juneau and Fairbanks.	
	Academy:	520.5
	Maintains the current level of operations necessary to provide in-house, VPSO, Municipal, and	

other requested training. Also, provides sufficient funding for an abbreviated trooper academy in FY90.

TRANSPORTATION AND PUBLIC FACILITIES	Highways and Aviation: Elimination of the FY90 increments for new responsibilities and SEF rental rate increases. Results in general statewide reduction of service.	1,400.0
	Deletion of all snow and ice efforts for category III routes.	2,500.0
	Deletion of 60% of the maintenance costs on Category III routes, allows a four-month transitional period.	1,700.0
	Reducing hours of operation at certified rural airports.	1,000.0
	Reduce maintenance and operation of rural airports, without fee increase. Proposal to increase land rent fees to offset reduction. <i>Needs fee increase.</i>	2,200.0
	Dalton Highway: This proposal would charge a fee for use of the Dalton Highway between the Yukon River and the northern terminus at Deadhorse to re-coup the current annual cost of maintenance. <i>Needs fee increase.</i>	4,440.0
	Marine Highways: One of the two feeder vessels, the M/V Columbia, and the M/V Chilkat would be tied up under contract with a shipyard. No AMHS employees would be on board.	4,100.0

ENVIRONMENTAL
CONSERVATION

Subdivision Plan Review:
Eliminate state responsibility for review of subdivision plans for sewage and industrial waste disposal systems. The plan review function could be delegated to local governments, as it has been to the Municipality of Anchorage, *but this action would require a change to state law.*

649.9

Drinking Water Program:
Return the state drinking water program to the federal government. State compliance in this program is currently the lowest in the nation and increased federal requirements mandated by congress would continue to put a strain on the State's budget. EPA would, most probably, rely heavily on enforcement actions rather than DEC's preference for technical assistance and plan reviews. The state would also lose \$737.5 in federal funds. *This action would require a change to state law.*

468.8

COMMUNITY
AND
REGIONAL
AFFAIRS

Combine JTPA Training & Energy field offices with minimum Local Government Assistance Program.

1,500.0

This will result in a closure of many of the departments field offices. Severe curtailment will be made to JTPA services in rural areas, the Rural Economic Development Initiative (REDI), the Financial Outreach services to Enhance Recovery (Foster) program and to many services now provided to local governments. *This proposal could require some statutory changes.*

CORRECTIONS

Statewide Programs:

2,132.1

This component provides a variety of rehabilitation programs to inmates. The general reductions are applied to:

A. Delete funding for Maniilaq Association Spirit Camp, a program for Native inmates. (430.0)

B. Delete funding for Tundra Center Halfway House in Bethel. (475.0)

C. Sex offender treatment programs statewide. Fund source is switched from general fund to Permanent Fund Dividend Fund (913.1).

D. Clitheroe Center alcohol treatment program in Anchorage. General Funds of 264.0 are replaced with 160.0 from the Permanent Fund Dividend Fund.

E. Delete funding for library services (\$50.0).

UNIVERSITY

Reduce the University general budget by 10 percent.

15,925.6

A reduction of this magnitude would probably compel the Board of Regents to consider program deletion and closure of certain campuses, including those in close proximity to the three main campuses. *Precedent set by case law requires Universities to declare Financial Exigency prior to the closure or termination of campuses and programs.*

LEGISLATURE	Reduce by 10 percent.	3,109.3
COURT SYSTEM	Reduce by 10 percent.	4,118.7
HEALTH BENEFITS	Eliminate FY90 Base adjustment for increased health insurance costs for all state government except University. Results in additional 2.5% vacancy assessment if no savings are realized in cost of health care.	15,000.0

PROPOSED OPERATING BUDGET REDUCTIONS
(amount shown in thousands)

<u>AGENCY</u>	<u>TOTALS</u>
Governor	1,625.7
Administration	3,374.9
Law	1,380.2
Revenue	686.0
Education	1,319.2
Health and Social Services	3,150.9
Labor	290.4
Commerce and Economic Development	9,278.9
Military and Veterans Affairs	200.0
Natural Resources	5251.3
Fish and Game	872.7
Public Safety	3,120.5
Transportation and Public Facilities	17,340.0
Environmental Conservation	1,118.7
Community and Regional Affairs	1,500.0
Corrections	2,132.1
University	15,925.6
Alaska Court System	4,118.7
Legislature	3,109.3
Health Benefits	<u>15,000.0</u>
TOTAL	90,795.1