

Confirm.

M. Keller

... Dept. of

Administration



# Alaska State Legislature

HOUSE OF REPRESENTATIVES

House State Affairs Committee

Official Business

P.O. Box 4  
State Capitol  
Juneau, Alaska 99811

May 8, 1991

The Honorable Ben Grussendorf  
Speaker of the House of Representatives  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. Speaker:

The House State Affairs Committee has considered the appointment of Millett Keller to the position of Commissioner, Department of Administration.

The following members were present and recommend as follows:

Do Recommend

Other Recommendations

David Roadie

Jerry Baker

Mike Miller

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Gene Kubina N.R.

Tom Lauer No Rec

Max Hunsbeck N.R.

E. Buckner N.R.

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Sincerely:

*Gene Kubina*  
Representative Gene Kubina, Chair  
House State Affairs Committee



# House State Affairs Committee

## Representative Gene Kubina, Chair

DATE: May 6, 1991

PLACE: Capitol, Room 102

**SUBJECT OF MEETING:**  
 Confirmation Hearing: Millett Keller,  
 Commissioner  
 Dept. of Administration  
 \*HB 266 - Relating to BIA Contract School  
 Employment

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
<del>HB 266</del> Don Shery	NEA AK				586-3090	<input checked="" type="radio"/> N	266
Millett Keller	Dept Admin	Box C			462-2241	<input checked="" type="radio"/> N	Confirmation
David Stock	R.F. Benfite	Box CR		<del>44666</del>	44666	<input checked="" type="radio"/> N	266
Tom Alexander	Rep. NANAAP					<input checked="" type="radio"/> N	266
Bob Manners	NEA	105 Municipal Way #30		586-3090		<input checked="" type="radio"/> N	266
						<input type="radio"/> N	
						<input type="radio"/> N	
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# House State Affairs Committee

## Representative Gene Kubina, Chair

**DATE:** April 22, 1991

**PLACE:** Capitol, Room 102

**SUBJECT OF MEETING:**  
Confirmation Hearing: Millett Keller  
Department of  
Administration

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Millett Keller	Dept ADM	Box C	99 810	586 1576	465-2243	<input checked="" type="radio"/> Y <input type="radio"/> N	
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SENATE CONFIRMATION HEARING: MILLETT KELLER 4-17-91

000-009

Introductory comments by Senator Rodey, Chair.

009-048

**Keller:** "Mr. Chairman, thank you very much. Let me begin by asking the order, which is one of things in years and years in business that you always make sure that the purpose of the visit is clear. I'm seeking your acceptance of Governor Hickel's nomination for me serve as commissioner of Administration and I hope that you will approve his request and my request to be confirmed in that position. I'm willing to discuss any issues that you want to. One, in particular, I'm sure that you would like to discuss is the famous memo from last week that I seem to have distinguished myself by stubbing my toe on a fairly significant issue. The intentions, I find is...each of us, it's a learning process, for me in particular...and the intentions that one has don't always...aren't always the important thing. I made a...in a cover memo that I sent on some guidelines were intended to help commissioners. I ended up using a phrase was subject to misinterpretation...I know now it was and I apologized to Buddy Maupin who did misinterpret my intentions. I think that we've resolved any differences that we've had and I think every... understands that it was a misinterpretation and I'm sorry it happened. Beyond that, I'm willing to answer any questions that you have and go into as much detail as you like. Let me say one last thing, I've worked with Governor Hickel for 14 years in the capacity of dealing with public policy issues. I've never done anything financial dealings with Governor Hickel...but all of the dealings with him through public policy issues...working on the campaign in '77 and '78, and then following that, in Commonwealth North for many years. To all of us that have worked on these, we have devoted a great deal of our energies to what we think is promoting the best interests of the state. We've had a dream...as any...as all of you do and as anybody that I think gets involved in public policy issues has of trying to make the state a better place in the future than it is in the present. I think that we all share that and that we see that as an obligation, I think that most people in public life who take the...stick their neck out and run for public office or venture out and serve in a vulnerable public position do that because of a...what I consider to be a very high ideal...that is to make life better for other people.

048-090

We come in with a agenda that clearly has change associated with it, change from the way the government has been operated in the past...and we make no bones about that fact. We think that we can make the state better, we can deal with the challenges that we have in declining revenue and come to grips with some of the spending issues...meeting the capital needs that we see in the future...and that is essentially our agenda.

Rodey: Thank you very much commissioner. Let me ask now if there are questions from the members of the committee...Senator Uehling.

Uehling: Thank you Mr. Chairman. On the statement that you did make, I guess earlier to the press, there was some talk about Max Hodel who rephrased that term that was made in regard to a specific kind of bent or philosophy that an employee should have. Did you then, in fact, retract that statement?

Keller: No, the statement that Max made essentially clarified the position...let me say why that's the appropriate way to do it. When I sent the cover memo out, I didn't check with Max about what is the specific definition of the philosophies and so forth. And maybe that's because we worked together for 14 years and we tend to think that some of those things are pretty well understood. But obviously there are fifteen thousand people that...or more that read that phrase...who haven't had the benefit of the same kind of relationship that I've had. I think Max clarified what was meant. In retrospect, I clearly...if a phrase that could be subject to misinterpretation...should have done that myself, or not referred to it. But, I mean, if I'm going to use a phrase like "philosophy of the administration," I should have taken the time to check with Max beforehand and say: now this...we want to convey this - but that wasn't done. Max did, and I think it clarified, in fairly simple terms, there's no revelation about a new philosophy or anything like that. I think it's fairly consistent belief that's shared by people of all parties and all people who want to see Alaska a better place to live. We're in public service because we want...we intend to serve the citizens of the state to make this a better place to live. We want people working for the government who are committed to serving the people of Alaska and who are committed to simple things like the work ethic.

Uehling: So, Mr. Chairman, then you haven't made any retraction of it, you've just...essentially...said essentially that it a work ethic quote. Is that correct?

Keller: That's right, yeah...I'm not sure there's...if there's something that was supposed to be retracted, I would...I may have overlooked something, but it was...it was the...there was a misinterpretation of what I said and it was my fault that it was misinterpreted because the phrasing was not clear.

Uehling: Mr. Chairman, then you don't have any particular...don't expect anybody to have a particular philosophy that's being hired...for someone that's being hired in the Hickel administration.

Keller: No.

Uehling: So, you...there are no expectations on it.

Keller: No, not a...there's no philosophical test.

090-127

Rodey: Senator Duncan.

Duncan: Thank you, thank you Mr. Chairman. Commissioner, I just...a couple questions, or several questions...some in this area, some in the other areas...I just want to very directly ask you - if you do believe the merit system is important, it's a constitutional provision...do you understand the merit system and do you support it?

Keller: Absolutely, and if anything, I think we need to take a look at what is the merit system...because I think that to some extent we tend to lose sight of a merit system when you have it in...displayed in a context that not necessarily relates to merit. One of the things is to make sure that evaluations are done that...and that their done annually so that people are...have the benefit of having the merit of their performance evaluated and documented...and of the rewards are done appropriately. The other thing is that the salary structure in the compensation plan should take more recognition of merit. In my judgement, I'm sure it does now, but I'm not sure that it really recognizes as much as it could. Those are things, of course, that take years to change but it's just a matter of looking at it...but in short, I fully support the constitutional provisions...and even if it wasn't a constitutional provision, I would still believe it as a concept.

Duncan: Just a couple other questions in that area, Mr. Chairman.

Rodey: Please continue, sir.

Duncan: ....brings a couple other questions to mind. Based on the memo that went out, that you now determined was an unfortunate use of terms...how do you intend, other than letting Mr. Hodel explain what was meant by "philosophy"...how do you intend to give comfort to probationary employees and unions and others that there is none of that being considered when the evaluations are done...that they're being considered on the basis of how well they've performed their jobs...a very objective consideration. How do you intend to correct what might be a difficult situation to correct, because once people get that feeling, that concern, I think that's going to prevail until you can demonstrate otherwise. How do you intend to do that?

Keller: Mr. Chairman, my hope is that my letter of apology to Buddy Maupin would serve that purpose...that the word would get out that I've made a mistake and that...and in fact, in the letter asked him if he had any concerns about the letter or about what I had said, to talk to me directly because I'd like to make sure there wasn't any misunderstanding.

127-183

Duncan: ....directly with Mr. Maupin...how do you intend to convey that to the employees, of...I'm sure Mr. Maupin can do that for his union members...but it seems to me that one thing that needs to be done in state government is to build a little confidence in administration and also...in the morale of the employees. I'm just wondering, based on an unfortunate statement, how...do you have any specific...other than just the apology and hoping that Mr. Maupin will be able to convey that...is there anything....

Keller: Well, I would hope that the people that do evaluations are...in the process of the evaluations of a probationary employee, they would be encouraged that the system works or it doesn't work. If it doesn't work, then they have a right to complain....to appeal and so forth...but I don't plan to go in a try to disrupt the evaluation process.

Duncan: Have you given a follow-up memo to your...to the other departments and to the people who will doing evaluations to make it clear that it not intended for philosophical basis, political leanings, et cetera, be part of the criteria for evaluation...has that been clarified more than what you've been doing by....

Keller: No, no it hasn't. But...I...by the...if, if you think something like that would be appropriate, then I'd...I would consider a suggestion of that nature. I wouldn't promise necessarily to do it, but I certainly would consider any suggestions you have in that regard.

Duncan: I think it's your judgement...but I think when you create uneasiness among a great number of people, as this apparently has done....some concerns that a direct communication from you clarifying what your statement means, what that terms means, would be most beneficial. Because as that lays out there, the longer it lays out there...the direct apology to Mr. Maupin, I think, was a positive step...as long as it lays out there that your last statement in a memo to those who would be doing evaluations which are to consider philosophical leanings..I think that caused problems. But seriously, if I were you, consider a...Senator Uehling was talking about a retraction...but I would consider a clarification would be appropriate so that the employees could feel that there is an understanding of how that system...how the system's to work and you do support the merit system of employment. And I think that would be appropriate. That's just my suggestion. Take that for what it's worth. May I have just a couple other questions?

Rodey: You have the floor, Senator.

Duncan: One other question did come up as we were discussing this and one other topic in my mind as you said that as you looked at it, you think there need to be some changes made and you referred

to salaries and so on, about how those might reflect merit...the merit system more than they do presently...but that's long term. This hasn't come up yet, but how do you feel about the collective bargaining process? Do you support collective bargaining? Do you believe that changes that are...such as salaries, benefits and other negotiable items...how do you intend to handle that?

Keller: Well, first of all it's a legal requirement. So, my personal feelings about it don't make any difference because the oath of office requires us to support and defend the constitution and the laws, not to necessarily agree with them. In this case, I do agree with collective bargaining. I think at this point, after this many years...almost twenty years, in fact...it's eighteen years now I think we've had the PERA law in place...that it's embedded in public employment, now, and will always be a part of employment. So...and I think it works, I think that there are areas where certainly it could be tuned up and made to work better and there are areas where it...where there are probably excesses that could be changed. Most of those areas are...involve public policy choices where one person may agree that this is a good idea and somebody else thinks it's a terrible idea. But the point is that the process, itself, works. I think it's served the state well. I think that there are things that might...that could have been done better. But overall, I think it's served the state well.

183-279

Duncan: I've got a couple other topics, not right on this topic...other people have questions in this area...but I have a couple other areas that I want to discuss...

Rodey: Is there any other member who wishes to interject...if not, I'll let Senator Duncan continue his line of questioning.

Duncan: Okay, on another area...not directly on the personnel problem that has come to light here, but on another area there has been a lot concern expressed over the past week or two...and we've seen numerous news articles talking about major reorganization in the administration where you're considering merging the state personnel offices and administrative services into a central unit. I'm one...and I've talked with you privately about this and I've also sent a letter to you requesting some information...I'm wondering if you can give me just a little bit of update on what's happening there...how you're approaching this whole area, because it is a significant concern to a lot of folks.

Keller: Well, our first approach, of course is to find out what's...how the system works now and we're still really in the process of learning how the state is organized...and how, particularly, how various responsibilities are delegated. To me, that's one of the more complicated issues...is to find out how far decision-making is delegated out. That's not necessarily an organizational consideration, but in terms of reorganizing...but

more of a chain of command and responsibility. Even some of those things...it's...we still haven't finished. In my judgement, I don't consider myself up to speed on a lot of those kinds of issues...but that's something that we have to learn more about how it works and where things have worked and where they don't work. We're also...I think we'll have as a responsibility, as any new administration, to look at how government is organized and see if there are things that can be changed to improve the operation of government. We don't have any plan or hidden agenda or design in the back room or anything...it's strictly, at this point, a learning process for us to come to grips with a lot of those issues.

Duncan: Commissioner, if might ask...so, at this point you don't current plans...apparently there's been some work done and I know that you visited...or not you, but perhaps your director of personnel and others have visited another state to see how this organization might work centralized. Would it be your intention to take action without legislative review?

Keller: I think on anything that is going...obviously , if it requires legislation...I think if we do any major reorganization, there are things that require legislation. Certain functions, for example, in personnel are already delegated or there are delegations by law...I think the five departments...so before we can change any of those, we'd have to have a law changed, anyway. I think anything that would involve major reorganization...moving people around, or this sort of thing...that would have an impact on the state, in one way or the other, would have to involve the legislature. I see this as a kind of a joint responsibility. We obviously have responsibility to bring to you a budget, which would involve any of these kind of issues, and seek you concurrence on... in that regard.

Duncan: Mr. Chairman...I think it's a prerogative...it's clear it's a prerogative of the administration, and any new administration that comes into office, to evaluate the way government is operating and to make proposed changes. I think the reorganization to bring about, what you might perceive to be efficiencies in the way services are delivered differently. My concern, and I think the concern of the people that I'm hearing from, is that there would be kind of unilateral action and it would not be done with the legislature...of course we're working on an FY '92 budget that... that put together under certain guidelines and certain organizational structure...it would be my hope and my recommendation...and I'm forwarding the same recommendation on to the Governor, that major reorganization that you've been talking about in your department...and there are several others that I can think of...I think it's fine for you to re-evaluate that and make recommendations, but it should be part of your next year's budget submission for FY '93 so that we can have the proper legislative review and we can determine what the real impact is. I think I'm

getting that answer from you. I was going to ask you, is that what I'm understanding...is that you would recommend a major reorganization such as centralizing personnel...and there's others in other departments which you may not have direct control over... those should be part of a budget submission for FY '93?

Keller: Well...if...obviously if they have budget implications, and it seems to me, just in terms of the issues that would be involved...if we were going to do any reorganization, it's going to involve leasing...because we have to determine the leases...the term of leases we have now and if they're...if those things are going to have costs associated with them - which requires an appropriation. Anything regarding...if there's relocation involved, those require appropriations because there would be costs involved in that regard. We don't have anything in FY '92 that is going to pay for a major relocation of the government and I think to do that...if that ever came about, that those things would all have fiscal implications that would require an appropriation.

Duncan: Yeah...and Mr. Chairman, I'd hope that any major relocation, of course, would be run through the legislature...I don't know how you're using that term. I mean, there are several different ways that we can use that term "relocation." It could be from going down the street to the building over here or it could be something different. So I would hope that none of that's being planned - but I guess I was thinking about changing the way the system works. Instead of having personnel offices in each department and administrative services, payroll, et cetera, in each department...and centralize them into the Department of Administration will require the shifting of funds from one department to another department and a major re-alignment of how government functions and how the system works. I guess, I hope...and let me not make this recommendation just to you but also to the governor...that's pretty major reorganization and that should, I think, be submitted through the budget process...and I realize, and I think we all should realize, of course, that you folks came into office without time to do that in this budget submission...I think it's legitimate for you consider that during the interim and in your new budget submission...propose whatever reorganizations you may want to propose and we can then evaluate that and react to it and maybe concur, or maybe not concur. But I don't need to on on this, I just hope that would be the position that you would take. I think I'm getting part of that answer, but not quite strong as I would like it.

278-480

Rodey: Senator Uehling.

Uehling: Thank you, Mr. Chairman. Along the same lines as Senator Duncan, and I think we touched upon it for a few problems that... obviously the memo went out earlier...that it was a problem...but beyond that, there does seem to be sort of a morale problem that's

prevailing, or pervading, in government and a lack of confidence and so on. What kinds of steps do you think you would take as commissioner to alleviate the problems if there is...and you see a morale problem in government...how can you build the confidence level with the people you'll be working with?

**Keller:** Mr. Chairman, I'm not aware of a morale problem. There are, I'm sure when you have fifteen thousand employees you're going to have some unhappy employees and some ecstatic employees and you're going to have a continuum in between. My general perception of...just based on the employees that I deal with, and other people that I deal with that deal with employees...that the morale among state employees is very high and I think there's a lot of expectations...a new governor, I think, has a way of bringing about that kind of focus in the executive branch. And part of... we see our responsibility is to try to convey that kind of enthusiasm. The governor certainly has done that...he's an enthusiastic person, and his speeches have been enthusiastic - they've appealed directly to the employees to try to share that enthusiasm. And it's my perception, among the employees that I deal with in the executive branch, that there is a great deal of enthusiasm and the morale is very high. Now, I don't deal with the employees in the legislative branch, and that may be a different issue, but as far as the executive branch, I think morale is pretty good.

**Uehling:** I can't speak for all of the departments. I do know that on a continuing basis, when we've had subcommittee work, and we've had various people come before us that there has been that problem with various departments - particularly DOT, there's been a particular problem there and other departments. I was just wondering...I think there's a lot of good ideas that are coming out of the governor's office administratively, but I still don't think that, in government itself, people are saying "oh, no, I can't believe this is happening...this is so far out."

**Rodey:** Senator Pourchot...new topic? Whatever you choose, sir, within reason, of course.

**Pourchot:** I wanted to...thank you, Mr. Chairman...I wanted to talk just a little bit about the...everyone has got their favorite subjects and, as you know, I've interested in PERS and TRS management and also SBS and I was kind of wanting your thoughts and views...recognizing that some of this is over in the Department of Revenue...this responsibility now...a little bit about your feelings about where we're going on SBS; what needs to be done; how our employee contributions are going to be safeguarded, in near term and then long term.

**Keller:** With regard to SBS, I think we're probably within a week or two of having a final determination in terms of what the state's policy is going to be...going to have to be regarding whether the SBS gets bailed out by the general fund or not. The legal

determination I think is within a week or so of...and my judgement is basically is a legal argument at this point...as to what's the state...or what is the state's obligation in this regard. In terms of protecting, in the future, the...I personally support and especially after talking with the commissioner of Revenue and getting his reactions to the need for the oversight on the investment policies of the Department of Revenue...including the PERS investment policies. Where we differ is on the composition of a board that would oversee that. I have a strong belief that any board ought to be accountable to the public and not the employees...and the only way for that board to be accountable to the public is if the governor appoints the board and they serve at his pleasure. Because if the governor...that's the only way the public can change the board is a change in the governor. If you don't allow that to happen, then the public has no way of changing the board. With regard to the SBS investments, we went out with an RFP in January to bring a third party to assist in managing both the record keeping and the investment policy making. That RFP period finished within the last two days and we had, I believe, thirteen respondents from what would be considered blue ribbon type companies...and I think we're going to proceed because everything seems to be favorable for having professional management of the SBS annuity program. Down the road, we'd like to make...once the plan, itself is in good management hands...to make some more diversity in it so that there can be more employee direction in how investments are done. Right now, an employee doesn't have any selection on how the SBS money is invested...and we think there should be options so they can self-direct...whether they want to put it into mutual funds, stock funds, or bond funds, or however they want to do it. They should have that option, so our plans are that we'd offer that within the next two years, hopefully.

**Pourchot:** A couple follow-up questions, Mr. Chairman. Do you think that...are you looking into the legality of that, whether that changes the state's liability if it's self-directed versus having investment decisions made directly by state agencies?

**Keller:** I don't recall, offhand, what the exact opinion is, but that was discussed in January whether that could be done...and as I understand it, that is not a problem. I think it was that option as to whether the state could do it or not.

**Pourchot:** I guess my question wouldn't be so much whether it could be done. Would we be doing it knowing that there is a change in liability...or responsibility. Does that bring the person directing it into a fiduciary relationship for their own...make or break whatever happens in the future.

**Keller:** No, it's an interesting point, because that is exactly what it does, because you might choose to put your money into something that loses money instead of makes money...and so, your fund would lose money, which is essentially the situation we're in

now when the state made a decision which caused you to lose . . . y.

Pourchot: So they wouldn't be picking from a full universe of investment. They would be picking from some...some kind of pre-selected list of people. That's obviously nothing to be solved here but it is an interesting...I don't know...I think it's something that I would hope that you and the department would really kind of bring...you know, hopefully the legislature into that the AG's office into that because I wouldn't want it perceived that we were moving into new investment regimes just to avoid liability or future liability. And I assume that deferred comp is something you're also approaching the same philosophical way of self-direction. You know there, I think the arguments obviously are little bit different in that it's not a mandatory program. And you're dealing with a mandatory program...you know, again, I think that the legal issues we'd want to see that...and finally, just to follow-up on your legal determination. See, I don't think that even if the answer came back...you know...we're not strictly liable for this, that this is not a designated benefit retirement system...case histories tells us that it's different from Social Security, it's different from PERS and TRS and we think we have a good technically legal argument not to make whole funding....I just can't imagine the story ending there. I just can't imagine us, either in the administrative branch or in the legislative branch, withstanding the legal onslaught, especially the moral indignation onslaught, of us doing something to make whole something that wasn't an employee's fault. Even with the legal opinion in hand, my guess is that we will still be looking at more practical ways of making whole whatever portion of GIC the Executive Life GIC loss may be. Do you see that at all?

Keller: Well, there are some other alternatives and we mentioned these before and some of them involve parties that may share some liability in the issue. Seeing is there's recovery from other parties. There may be something in terms of setting up some kind of defeasance to make the thing whole again...so there are other things we've looked at. So I think if it gets...if the legal decision says we can't defend, then I believe that the general fund will have to bail out SBS. If the legal opinion says that we can defend, then there is a fundamental policy that's going to have to be made as to whether we are morally obligated to do this or not. And that's the issue you're talking about and that will be the....

Pourchot: Okay, so just the legal opinion is not going to drive the...I mean it'll be used in the policy determination.

Rodey: Senator Uehling.

Uehling: I'll follow-up on the SBS question, you did mention something about third party people, where there might be a legal tool that might be used on third parties. Are you speaking specifically about people who were in the past administration that

## RESUME

Millett Keller  
1667 Crescent Drive  
Anchorage, AK 99508  
(907) 465-2200

### EDUCATION

BS in Geophysics, Stanford University 1962  
MS in Geophysics, Stanford University 1963

### EMPLOYMENT

1977-1990

MILLETT KELLER COMPANY, President

Engaged in project management and data processing consulting specializing in design and implementation of complex information systems.

1979-1981

ALASKA PACIFIC BANK, Vice President

Manager of data processing and information systems.

1968-1976

SCS DATA PROCESSING, INC., President

Chief executive of company engaged in providing full range of data processing services; company grew to 120 employees and \$5 million in annual sales; company was sold to Boeing Computer Services in 1974.

1964-1968

IBM CORPORATION, Data Processing Representative

Responsible for marketing and technical support for customers in Alaska.

1963-1964

TEXACO, INC., Geophysicist

Engaged in oil exploration activities in Alaska using seismic, gravity, magnetic, and geologic interpretation principles.

### CIVIC ACTIVITIES

1975-1981

ANCHORAGE SCHOOL BOARD

Served two terms as elected representative.

1980-1981

GOVERNOR'S PETROCHEMICAL REVIEW COMMITTEE

Appointed by Governor Hammond; committee reviewed the Dow/Shell petrochemical study.

1981-1982

ALASKA ECONOMIC DEVELOPMENT FORUM

Appointed by Commissioner of Economic Development; committee reviewed the role of State and local governments in fostering economic development in Alaska.

1982-1984

MUNICIPAL BOARD OF ETHICS

Appointed by Mayor Knowles to serve on the four member board. Served as chairman in 1984.

1982-1984

HUMANA HOSPITAL ALASKA, Trustee

Appointed by corporation to serve on community advisory Board of Trustees; served as chairman in 1984.

1985-1988

ANCHORAGE DAILY NEWS, Newspaper Columnist

Weekly and bi-weekly Sunday Op-Ed feature column focusing on local and state government policy issues.

AWARDS

1969

CERTIFICATE IN DATA PROCESSING (CCPI)

Awarded by the Data Processing Management Association upon examination to certify professional competence.

1982

OUTSTANDING CHAMBER MEMBER

"Gold Pan" award presented by the Anchorage Chamber of Commerce in recognition of service on Chamber projects.

1982

OUTSTANDING ACHIEVEMENT AWARD

Awarded by Stanford University Associates in recognition of fundraising activities in Alaska.

ORGANIZATIONS

PAST PRESIDENT

Anchorage Community YMCA; Alaska Festival of Music; Anchorage Lions Club

BOARD OF DIRECTORS

Served on boards of the following organizations: Commonwealth North (founding Board member); Anchorage Chamber of Commerce; Common Sense for Alaska; Catholic Social Services

BIOGRAPHY

- Born in Great Falls, Montana, 1940
- Raised in Great Falls
- Married wife, Pat, in 1963
- Anchorage resident since 1963
- Daughter, Lisa, 26; son, Jeff, 25; born and raised in Anchorage
- Hobbies: running and reading

RECEIVED

JAN 16 1991

ALASKA PUBLIC OFFICES COMMISSION

1990 CONFLICT OF INTEREST STATEMENT

APOC - JNO  
P.M. (H.C.)

IMPORTANT  
INFORMATION ABOUT HOW TO COMPLETE THIS REPORT

1. This report is for the preceding calendar year, so include only information about financial interests held during January - December 1989.
2. You must show both your own financial interests and the interests held by your spouse, dependent children and nondependent children residing with you during the preceding calendar year.
3. This statement is required under AS 39.50, so it is important that it be accurate.
4. If you have any questions or need help completing the form, refer to the instruction manual. If you still need help, call APOC at 276-4176.

BACKGROUND INFORMATION:

Millett Keller 907 465-2200  
NAME PHONE NUMBER

Commissioner  
OCCUPATION

Box C Juneau AK 99811-0200  
MAILING ADDRESS CITY STATE ZIP

OFFICE SOUGHT OR HELD (CHECK ONE):

STATE  MUNICIPAL

OFFICE: \_\_\_\_\_

TITLE: Commissioner of Administration

TERM OF OFFICE: from \_\_\_\_\_ to \_\_\_\_\_

TYPE OF STATEMENT (CHECK ONE):

CANDIDATE STATEMENT

Must be filed no later than the final filing date for your declaration of candidacy.

INITIAL STATEMENT

For newly appointed state and municipal officials.

ANNUAL STATEMENT

Must be filed by April 15.

FAMILY MEMBER INFORMATION (list names):

Spouse: Patricia Keller Dependent Children: none

Nondependent children, living with reporting official: \_\_\_\_\_

PL

THE FOLLOWING SUMMARY MUST BE COMPLETED BY ALL FILERS  
DO NOT COMPLETE THIS SUMMARY PAGE UNTIL YOU HAVE  
COMPLETED ALL SCHEDULES.

SUMMARY OF SCHEDULES

Check one box for each schedule:

		SCHEDULE COMPLETED AND ATTACHED	NO REPORTABLE INTERESTS-- SCHEDULE LEFT BLANK
SCHEDULE A	SOURCES OF INCOME	<input checked="" type="checkbox"/>	<input type="checkbox"/>

SCHEDULE B	BUSINESS AND REAL PROPERTY INTERESTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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SCHEDULE C	BENEFICIAL INTERESTS, LOANS, GOVERNMENTAL CONTRACTS AND NATURAL RESOURCE LEASES	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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CERTIFICATION

I, the undersigned, certify under penalty of perjury that the information in this Statement is, to the best of my knowledge, true, correct and complete. By statute, a person who makes a false sworn certification which s/he does not believe to be true is guilty of perjury.

Mark Helt Keller  
SIGNATURE

1/10/91  
DATE

Forward Statements as follows:

STATE OFFICIALS

MUNICIPAL OFFICIALS

STATE OF ALASKA  
PUBLIC OFFICES COMMISSION  
2221 E. NORTHERN LIGHTS #125  
ANCHORAGE, AK 99505  
Telephone (907) 270-4175  
FAX (907) 270-7015

STATE OF ALASKA  
PUBLIC OFFICES COMMISSION  
P.O. BOX 60  
JUNEAU, AK 99811  
Telephone (907) 465-4864

THE LOCAL CITY OR BOROUGH CLERK  
IN THE JURISDICTION IN WHICH  
YOU HOLD OFFICE

JAN 1 5 1991

NAME Millett Keller

**SCHEDULE A**  
**SOURCES OF INCOME OVER \$100**  
(ACTUAL MONETARY AMOUNTS NOT REQUIRED)

**SALARIED EMPLOYMENT**

NAME OF OFFICIAL, SPOUSE  
OR CHILD:

EMPLOYER:

Patricia Keller  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Brownsberger, Boner and Brady  
3300 Providence Drive  
Anchorage, AK 99508 *Dr. office*  
\_\_\_\_\_  
\_\_\_\_\_

**SELF EMPLOYMENT**

Includes: (1) sole proprietorships; (2) all partnerships; (3) all professional corporations; and (4) corporations in which a controlling interest is held. If you check nonretail, you MUST list all clients or customers by name.

BUSINESS NAME, TYPE  
AND ADDRESS:

NAMES OF CLIENTS OR CUSTOMERS:

1. Millett Keller Company  
921 West 6th Avenue  
Anchorage, AK 99501

State Farm, Inc.  
Penco, Alaska - Bob Penny (real estate)  
Kaktovik Inupiat Corp.  
Oaken Key Spirit Shops  
*Suzanne Linford* Linford or Alaska Wholesale groceries  
Carr-Gottstein Properties  
Alaska Pacific University  
Alaska Parking Authority  
Spernak & Son *General contractors*  
*James Spernak*

RETAIL  NONRETAIL

2. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

RETAIL  NONRETAIL

3. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

RETAIL  NONRETAIL

(CONTINUE ANY SECTION ON BLANK PAPER)

JAN 1 6 1991

SCHEDULE A CONTINUED

RENTAL INCOME

Includes all income over \$100 derived from real property rentals.  
List managing agent (if any) and all tenants by name.

OWNER:

TENANTS:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

DIVIDENDS AND INTEREST

RECIPIENT:

SOURCE:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

OTHER INCOME

Includes gifts, honoraria, income from the sale of real property, retirement, campaign funds taken as personal income, social security and other income over \$100

RECIPIENT:

SOURCE AND TYPE OF INCOME:

<u>Millett &amp; Patricia Keller</u>	<u>Royalties-Texaco, Inc.</u>
_____	<u>Phillips Petroleum - Ranger Oil</u>
_____	<u>Amplex</u>
_____	_____
_____	_____

(CONTINUE ANY SECTION ON BLANK PAPER)

JAN 1 0 1991



SCHEDULE B CONTINUED

REAL PROPERTY INTERESTS

MUST include a street address or actual legal description.  
Does not include property held through limited partnerships.  
List limited partnerships on page 7.

Millett and Patricia Keller

Name of official, spouse or children

1667 Crescent Drive, Anchorage, Alaska

Street address or legal description

Co-owner (with spouse)

Nature of interest (for example, option to buy, ownership, leasehold)

home

Current use (for example, vacant, residence, recreational)

CONJ

Name of official, spouse or children

Street address or legal description

Nature of interest (for example, option to buy, ownership, leasehold)

Current use (for example, vacant, residence, recreational)

Name of official, spouse or children

Street address or legal description

Nature of interest (for example, option to buy, ownership, leasehold)

Current use (for example, vacant, residence, recreational)

(CONTINUE ANY SECTION ON BLANK PAPER)

JAN 6 1991

NAME Millett Keller

SCHEDULE C  
BENEFICIAL INTERESTS, LOANS, GOVERNMENT CONTRACTS  
AND NATURAL RESOURCE LEASES

BENEFICIAL INTEREST IN TRUSTS OR OTHER FIDUCIARY RELATION

\_\_\_\_\_  
Name of beneficiary

\_\_\_\_\_  
Name of trustor

\_\_\_\_\_  
Type of assets

\_\_\_\_\_  
Extent of interest

\_\_\_\_\_  
Name of beneficiary

\_\_\_\_\_  
Name of trustor

\_\_\_\_\_  
Type of assets

\_\_\_\_\_  
Extent of interest

\_\_\_\_\_  
Name of beneficiary

\_\_\_\_\_  
Name of trustor

\_\_\_\_\_  
Type of assets

\_\_\_\_\_  
Extent of interest

LOANS AND LOAN GUARANTEES

Includes all financial obligations of \$500 or more; does not  
include credit card balances.

Millett Keller

\_\_\_\_\_  
Name of Debtor

Key Bank

\_\_\_\_\_  
Name of Lender

\_\_\_\_\_  
Name of Debtor

NBA

\_\_\_\_\_  
Name of Lender

\_\_\_\_\_  
Name of Debtor

First Nat'l Bank of Anchorage

\_\_\_\_\_  
Name of Lender

\_\_\_\_\_  
Name of Debtor

\_\_\_\_\_  
Name of Lender

(CONTINUE ANY SECTION ON BLANK PAPER)

JAN 1 6 1991

SCHEDULE C CONTINUED

CONTRACTS AND OFFERS TO CONTRACT WITH THE STATE  
OR ITS INSTRUMENTALITY

Contracts of the reporting official's family, including the official's mother and/or father must be listed.  
AS 39.50.035(8)

\_\_\_\_\_  
Name of contractor State Contracting Dept. or Instrumentality

\_\_\_\_\_  
Contract number and description Indicate: Bid, Held or Offered

\_\_\_\_\_  
Name of contractor State Contracting Dept. or Instrumentality

\_\_\_\_\_  
Contract number and description Indicate: Bid, Held or Offered

\_\_\_\_\_  
Name of contractor State Contracting Dept. or Instrumentality

\_\_\_\_\_  
Contract number and description Indicate: Bid, Held or Offered

LEASES OR OFFERS TO LEASE MINERAL, TIMBER, OIL OR  
OTHER NATURAL RESOURCES

Contracts of the reporting official's family, including the official's mother and/or father must be listed.  
AS 39.50.035(8)

\_\_\_\_\_  
Name of Lessor Nature of Lease

\_\_\_\_\_  
Identity of Lease Indicate: Held or Offered

\_\_\_\_\_  
Name of Lessor Nature of Lease

\_\_\_\_\_  
Identity of Lease Indicate: Held or Offered

(CONTINUE ANY SECTION ON BLANK PAPER)



ALASKA STATE EMPLOYEES ASSOCIATION  
AFSCME Local 52, AFL-CIO

April 26, 1991

Lew Williams  
Coordinator, Media Center  
Office of the Governor  
P.O. Box A  
Juneau, AK 99811

Dear Mr. Williams:

On April 11, 1991 public employee labor leaders met with Governor Hickel. A prime topic of discussion was the "philosophical litmus test" memorandum of DOA Commissioner Millett Keller dated March 28, 1991. In our meeting, the Governor described the memo as "dumb" and "a mistake", and urged us to meet with Commissioner Keller to resolve this conflict.

Immediately after leaving the Governor, I met with Commissioner Keller, who apologized for the memo and admitted it was a mistake. In House and Senate confirmation hearings he again indicated he was in error, as it is well known that the proposed discrimination regarding terms of employment on the basis of "philosophical commit(ment) to the administration" is prohibited under AS 39.

At this point I believed that this matter had been resolved satisfactorily.

Imagine my surprise when I read your Anchorage Times column of April 25 (copy enclosed) where you indicated, in your official capacity as the Governor's media center coordinator, that the contents of the Commissioner's March 28 memo were correct, on target, and defensible, and that outside a small handful of Union leaders in Juneau, no one took offense.

Your comments indicate to me that this administration may very well proceed with firings based on political philosophy, and that prior statements to the contrary may have been made out of political expediency.

I appreciate your candor, Mr. Williams. I hope you won't mind if I introduce your column as evidence in every arbitration and court case which ensues on philosophical firings to substantiate that, even after all of the brouhaha on this issue, you haven't learned a thing.

ANCHORAGE OFFICE  
3111 C St., Suite 125  
Anchorage, AK 99503-3925  
(907) 561-6661. FAX (907) 563-1355  
TOLL free 800-478-ASEA

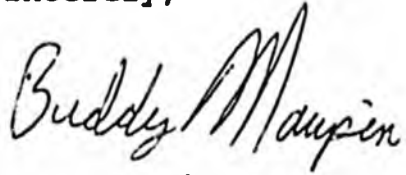
JUNEAU OFFICE  
240 Main St., Suite 702  
Juneau, AK 99801  
(907) 463-4949 FAX (907) 463-4950  
TOLL free 800-478-0049

FAIRBANKS OFFICE  
250 Cushman St., Suite 500  
Fairbanks, AK 99701  
(907) 452-2300 FAX (907) 452-2307  
TOLL free 800-478-2305

Lew Williams  
April 26, 1991

Page Two

Sincerely,

A handwritten signature in cursive script that reads "Buddy Maupin". The signature is written in dark ink and is positioned above the typed name.

Buddy Maupin  
Business Manager

cc: Governor Walter J. Hickel  
Commissioner Millett Keller

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

P.O. BOX C  
JUNEAU, ALASKA 99811-0200  
PHONE: (907) 465-2200  
FAX: (907) 465-2135

April 12, 1991

Mr. Buddy Maupin  
Business Manager  
Alaska State Employees Assc.  
240 Main Street, Suite 702  
Juneau, AK 99801

Dear Buddy:

The purpose of this letter is to follow up on our meeting yesterday regarding your concerns about my memorandum regarding probationary employee evaluations. I want to thank you and Mano Frey for taking the time to visit with me and Bruce Cummings.

First of all, let me formally apologize to you for any misunderstanding that may have occurred as a result of my memorandum. My intention was to share with my fellow commissioners the proper method of evaluating probationary employees. Unfortunately, my cover memorandum was not well done and led to the misinterpretation of my intentions and, unfortunately, a great deal of controversy. I hope you will accept my sincere apology.

I would like to emphasize that I fully subscribe to the position set forth by Max Hodel in his April 10 letter regarding the administration philosophy on evaluation: "We are looking for employees who are totally committed to serving the Alaska people and who have a strong work ethic." That is the only philosophy I'm talking about, not a political philosophy.

Based on our conversations yesterday, I believe that you and Mano are equally interested in making sure our state employee workforce attracts and retains the best qualified people committed to serving the people of Alaska.

April 12, 1991

As I mentioned in our phone conversation today, I would welcome the opportunity to hear from you any time you have concerns regarding my actions or statements and in particular if you have any questions regarding this letter or any other matters relating to this unfortunate incident. I would also like to invite you to call me at 465-2200 any time you have suggestions or ideas on Department of Administration matters.

Sincerely,



Millett Keller  
Commissioner

MK/nl

cc: Governor Hickel

Mano Frey  
Vice President  
AFL-CIO

WALTER J. HICKEL  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

April 10, 1991

Mr. Buddy Maupin, Business Manager  
Alaska State Employees Association  
240 Main Street, Suite 702  
Juneau, AK 99801

Dear Mr. Maupin:

Your hand delivered letter to the Governor reached us today and I hasten to respond.

You have misinterpreted Commissioner Keller's memorandum. When he, or any member of our Administration, refers to our philosophy as it relates to personnel, we are not talking political dogma.

Our philosophy on evaluating personnel can be defined as follows:

We are looking for employees who are totally committed to serving the Alaska people and who have a strong work ethic.

That is not politics. It is a philosophy based on ethics, values and commitment to the well-being of Alaska.

Sincerely,

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

Max Hodel  
Chief of Staff

cc: The Honorable Walter J. Hickel  
Governor

Commissioner Millet Keller  
Department of Administration



ALASKA STATE EMPLOYEES ASSOCIATION  
AFSCME Local 52, AFL-CIO

April 10, 1991

Governor Walter J. Hickel  
P.O. Box A  
Juneau, Alaska 99811

Dear Governor Hickel:

The enclosed March 28, 1991 memorandum from Department of Administration Commissioner Millett Keller to all Commissioners is of grave concern to our Union.

Commissioner Keller opines the following: "It should be noted that you have a unique opportunity to evaluate a probationary employee to ensure that they are committed to the philosophy of the administration."

Commissioner Keller has apparently not read AS 39.25.160 (g) which states the following: "Action affecting the employment status of an employee in the classified service or an applicant for a position in the classified service, including appointment, promotion, demotion, suspension, or removal, may not be taken or withheld on the basis of unlawful discrimination due to political beliefs." Probationary employees and even potential employees enjoy this statutory protection.

While probationary terminations from state employment are generally not subject to the grievance and arbitration process, a decision to terminate for lack of "commit(ment) to the philosophy of the administration" is always unlawful and, therefore, reviewable. In view of Commissioner Keller's memorandum, we view each probationary discharge as potentially biased.

This invitation to break the law is not well taken, sir.

I urge you to immediately repudiate this statement, Governor. Too many Americans have shed blood to protect our citizens from this brand of hegemony for you to do less.

Our members are not politicians, Governor. They are the actual people who make state government work, often in spite of the politicians. ASEA/AFSCME will continue to promote government employment practices based on merit, and will continue to oppose

ANCHORAGE OFFICE  
3111 C St., Suite 325  
Anchorage, AK 99503-3925  
(907) 551-6661. FAX (907) 563-1355  
TOLL free: 800-478-ASEA

JUNEAU OFFICE  
240 Main St., Suite 702  
Juneau, AK 99801  
(907) 463-4949 FAX (907) 463-4950  
TOLL free: 800-478-CU49

FAIRBANKS OFFICE  
250 Cushman St., Suite 300  
Fairbanks, AK 99701  
(907) 452-2323 FAX (907) 452-2327  
TOLL free: 800-478-2323

Governor Walter J. Hickel  
Page Two

April 10, 1991

any effort by any party to denigrate our work by politicizing our conditions of employment.

Yours in Progress,

Buddy Maupin  
Business Manager

cc: Millet Keller, Commissioner  
Department of Administration

# MEMORANDUM

State of Alaska  
Department of Administration

To: All Commissioners

Date: March 28, 1991

From: Millett Keller  
Commissioner  
Department of Administration

Phone: 465-2200

Subject: Probationary Employee Evaluation Guidelines

The question has come up regarding the appropriate way to evaluate employees who are in probationary status. Attached is a list of guidelines you should follow in conducting such an evaluation.

It should be noted that you have a unique opportunity to evaluate a probationary employee to ensure that they are committed to the philosophy of the administration.

MK/nl

Attachment

cc: Max Hodel  
Chief of Staff  
Office of the Governor

Mike Maher  
Deputy Commissioner  
Department of Administration

Roberley Waldron  
Deputy Commissioner  
Department of Administration

PROBATIONARY EMPLOYEE EVALUATION GUIDELINES

1. Set standards of performance in:
  - a. Job Performance
  - b. Work Habits, such as appropriate dress, and timeliness
  - c. Interpersonal relationships, such as appropriate attitude
  - d. Supervisory (if applicable)
2. Recognize and reinforce good performance. Identify and address poor performance.
3. Verify that employee demonstrates responsiveness to management's leadership, and does accept the overall philosophy and direction of the department.
4. Assess employee performance before the end of the probationary period.
5. Record why an employee has or has not satisfactorily completed the probationary period.
6. Do not evaluate, appoint, promote, demote, suspend, or remove for any of the following reasons (AS 39.25.160):
  - race
  - age
  - change in marital status
  - religion
  - handicap
  - pregnancy
  - color
  - sex
  - parenthood
  - national origin
  - marital status
  - any action not related to merit
  - any action related to one's political beliefs
7. Do not comment on the employees activities outside of working hours, unless employees are representing themselves as State agents.
8. Do not comment on physical or mental characteristics of the employee. Evaluations must address employee behavior and how that

behavior affects work performance.

9. Probationary employees may be dismissed for any work related reason that is not based on a discriminatory motive (refer to number 6 above). Examples of appropriate work related reasons are:

- Inadequate motivation
- Disagreement with management philosophy
- Unsatisfactory response to management direction

To: Juneau Empire  
Dear Editor,

April 11, 1991

Millett Keller's memorandum suggesting that probationary State employees may be evaluated "to ensure that they are committed to the philosophy of the administration" and that they "represent the policies of the governor" is patently illegal. Max Hodel's characterization that this "philosophy" is "based on ethics, values and commitment to the well-being of Alaska" does not make it any more legal by making the standard of "correct" conduct and beliefs more vague and ambiguous.

Almost fifty years ago the United States Supreme Court stated that:

"If there is any fixed star in our constitutional constellation, it is that no official, high or petty, can prescribe what shall be orthodox in politics, nationalism, religion, or other matters of opinion or force citizens to confess by word or act their faith therein."

Board of Education v. Barnette, 319 U.S. 624, at 642 (1942). Over twenty years later, Justice Thurgood Marshall restated this proposition:

"In sum, we hold that, in a case such as this, absent proof of false statements knowingly or recklessly made by him, a teacher's exercise of his right to speak on issues of public importance may not furnish the basis for his dismissal from public employment."

Pickering v. Board of Education, 391 U.S. 563, 575 (1968). Only last year the Supreme Court stated that:

"To the victor belong only those spoils that may be constitutionally obtained. \*\*\* [T]he First Amendment forbids government officials to discharge or threaten to discharge public employees solely for not being supporters of the political party in power, unless party affiliation is an appropriate requirement for the position involved. \*\*\* A government's interest in securing employees who will loyally implement its policies can be adequately served by choosing or dismissing certain high-level employees on the basis of their political views.... The First Amendment prevents the government, except in the most compelling circumstances, from wielding its power to interfere with its employees' freedom to believe and associate, or to not believe and not associate."

Rutan v. Republican Party of Illinois, 497 U.S. \_\_\_\_\_, 111 L.Ed.2d 52, 54 and 67 (1990). That case held that Illinois' hiring, promotion, transfer, and similar employment decisions which were motivated by political party affiliation violated the First

\*\*\*\*\*  
F A X T R A N S M I T T A L M E M O

TO: AFSEA

REF:

FAX # 463-4950

NO. OF  
PAGES

Amendment. The First Amendment freedoms of speech, association, and belief extend to probationary employees as well. See Perry v. Sindermann, 408 U.S. 593 (1972) (untenured college professor on year-to-year contract allegedly not rehired in retaliation for criticism of college board of trustees).

The Constitution of the State of Alaska is no less protective of our right, and the right of our State employees, to believe and speak in freedom.

A campaign to shape in one mold the expressions and beliefs of all State employees, and to purge from State government those heretics who don't fit the mold, is a concept advocated only by the foes of democracy and freedom.

*Robert B. Briggs*

Robert B. Briggs

000-011

Interviewer: "Commissioner of Administration, Miller Keller, has set off a controversy over the meaning of a memo he wrote two weeks ago. It's a short memo, just three sentences, but the final sentences caught the attention of state workers, legislators and the news media. It tells fellow cabinet members that they have, "a unique opportunity to evaluate a probationary employee to ensure that they are committed to the philosophy of the administration." There is a state law against using political views of state workers in their hiring, promotion or firing. And, in an interview yesterday, Keller said he wrote the memo in order to comply with the law. He draws the distinction between political views and philosophical ones.

011-036

Keller: "Oh, absolutely. I think there's a...a person's political beliefs, in my judgement, are related more to their partisan nature. They believe in the Republican party or the Democratic party or the Independent party. But, in terms of people's philosophies and opinions and points of view, those I don't believe are political - those span a broad range of whether you believe in development or you are opposed to development...isn't really a political belief because there are a lot of Republicans and Democrats and Independents who are in favor of development and there are a lot that are opposed to development. So, I don't consider development issues a political belief, those are philosophy. And I think the...and based on the way the laws are set up, that it's appropriate that probation during a probationary period...that employees philosophy on those issues is a matter of evaluation - not only for the state's interests, but also for the employee's interest - because it's not fair to...for an employee to be in a position where their expected to do something they don't believe in."

Interviewer: "That's generally a policy making, though, I mean if somebody wanted to apply for a job as a clerk-typist for the state, would their position on ANWR make any particular difference?"

Keller: "No, it wouldn't, but it certainly might make a difference if they were in a regulatory position or were expected to...they're working in the Department of Natural Resources...and they're expected to help promote the development of ANWR and they were opposed to the development of ANWR. I think that wouldn't be a good fit for DNR and it would not be a good fit for the employee."

036-071

Interviewer: "Would the question of someone's philosophical agreement with the governor be simply germane to their duties or is it overall...I mean if somebody works in...we'll use that ANWR example again...if somebody works in DNR and may agree with the governor on the ANWR issue but may disagree with him on abortion,

for example...that's a philosophical question...is that something that would disqualify somebody?"

Keller: "It shouldn't...no I would think that the...clearly the philosophy has to be appropriate to the job the person's in."

Interviewer: "I guess people are on probation anywhere from six to twelve months, you, yourself are on probation, are you not?"

Keller: "Well, I'm on probation for four years - is what it amounts to."

Interviewer: "There are other people in the administration who are working for the executive branch who were hired in the last days of the Cowper administration. Did this question come up because of them...principally?"

Keller: "Yes, that was part of it because the...obviously, when a prior...there was a hiring frenzy that took place in November in the last weeks of the Cowper administration. Clearly we're concerned about that because those people are going to work on our watch after they go off probationary status. And part of the reason for this was that we're coming up on the six month line on a lot of these employees and commissioners should recognize that when they do these evaluations...the probationary evaluations... that they make sure that the new employees are part of the team."

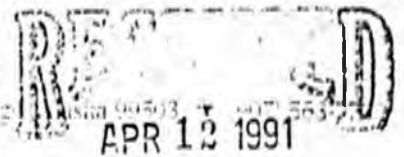
Interviewer: "Are there any particular philosophical litmus tests within the department that you use?"

Keller: "Well, most ours have been related to the fiscal policies of the state...that people are committed to reducing the number of employees, to reducing the cost of government. Obviously we would not want to bring somebody into a position who did agree with that. First of all, their job isn't going to be satisfying to them and secondly, they wouldn't be of much benefit to the citizens in terms of carrying out the citizens' mandate for change. Many of the... we're actually reducing the number of employees in the Department of Administration, as are most other departments, so we don't have a great number of employees that are on probationary status. But at this point...that's why I'm surprised that this union brushfire became such a big issue...because it hasn't been a big issue...in our department. And I'm not sure that it's been a big issue in any other department."

# APRN

## VOICES OF ALASKA

Alaska Public Radio Network • 4640 Old Seward Highway • Suite 202 • Anchorage



Dept. of Administration  
Commissioner's Office

April 10, 1991

Commissioner Millet Keller  
Department of Administration  
State of Alaska  
Juneau, Alaska 99811

Dear Commissioner:

I wanted to thank you again for your appearance at the Alaska Radio Conference last weekend. Although most of us disagree with your view of the relationship between public broadcasting and the state, we do appreciate your frankness and openness. Knowing where we stand will certainly help us plan for the future.

I'm impressed that you've taken the time to learn about public broadcasting and that you've given this issue so much of your time and thought. If you have ideas about how we might achieve less dependence on state funding, we'd welcome to opportunity to discuss them with you.

Again, thanks for meeting with us.

Sincerely,

A handwritten signature in cursive script that reads "Bill Legere".

Bill Legere  
Chair  
APRN Board of Directors

A non-profit corporation funded by these APRN Member Stations:

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KFSK-FM Petersburg • KCAW-FM Sitka • KSTK-FM Wrangell

Millett Keller Tape: Address to Public Broadcasters 4-6-91

000-023: [introductory comments by Diane Kaplan and Keller]

023-037: "The election in November was a revolutionary step in many ways for Alaska. In my judgement, a lot of the dynamics that took place, that brought about the election, had a certain national scope to them. Part of it was just the meteoric nature of the campaign and I believe now, looking back, that one of the great events that helped Governor Hickel win and possibly Governor Weicher win in Connecticut, as well, was George Bush's repudiation of his tax pledge in October of 1990. Up until that time he had fairly strong public support based on his "read my lips" pledge on taxes and during the first three week in October, as you recall, Governor Hickel was, at that time, third in the polls - still a fairly strong third, but still running behind Senator Sturgulewski and Tony Knowles."

037-048: "During the period when Bush repudiated his pledge, in effect acquiesced to the Congress, his rating plunged in the polls, as you recall, and at the same time Governor Hickel's rating skyrocketed. And I think to a great extent...I know I felt betrayed by the President on that issue 'cause one of the...I, I'd hung in there with him with a strong belief, and I think that most the public felt the same way. But the prospect of somebody running for governor compared to two other candidates whose lips on the tax issue you really weren't sure about - on Governor Hickel's lips you were pretty sure that he still believed in holding the line on taxes and trying to do something about government spending."

048-060: "The election, of course, was a great surprise, especially a great surprise for people down in this part of the country and I think it still is because when you travel in other parts of the state you find much different attitude about what's going on in Juneau than you do down in Southeastern - particularly in this part of the country. Although, interesting enough, Ketchikan has always been, has always supported Governor Hickel whenever he ran for office. They supported him in '66 when he won, in '74 when he ran, and '78 and in '86 and this year. Possibly its because they don't feel quite as tied to the government because they have much more...a stronger private sector, but that's only the part of Southeastern that has supported Governor Hickel."

060-076: "In this campaign, areas that had never supported him...for example, Fairbanks - which has never supported Hickel in any of the elections he's ever ran in - was a strong supporter. In Anchorage, where he used to split the vote, he ran strong. So I think, in what we've seen subsequent to that, is that most of the public still strongly supports what the governor is doing. And we certainly are committed to a fundamental change in the government."

That's why we think that we came down here. There's no question that our future has to become one where we are less reliant on the largess of the government. For one thing, the government won't have the kind of funds in the future that it's had in the past. This particular year, coming up, in fiscal year '92, we'll have the state revenues will be in the neighborhood of a billion dollars less than the year we're in right now. The budgets that the House recently proposed is, in effect, a deficit budget. Their spending plan calls for spending more money next year than the state will take in."

076-087: "Many people think that we have a balanced budget requirement in our state constitution, we don't a balanced budget requirement. In fact, over the last nine years the state has had deficit budgets in five of the nine years. What the state has is a cash flow requirement. The Constitution says that we cannot use general obligation debt to pay for the cost of operating the government. That's the only restriction on balancing a budget so if the state has money socked away or if it can bank on an increase in the price of oil or a latent effect from a previous year - which is what the House's plans are now, is to pass forward some of the surplus from this year."

087-098: "We are fundamentally opposed to any concept that keeps the position going in a direction where it's spending more than it's taking in. I think any of you realize, even in your own stations, if you get yourself in that position where you deliberately budget-put together a spending plan that's greater than your revenues, that you won't last - and we feel that the state is in exactly the same position. Our plans, in terms of the strategy is to try to get the state's operating costs down to the level of revenues that the state gets from taxes, licenses, and fees. Now those are the normal sources of revenues for operating government."

098-117: "In Alaska we have another source of revenue that we've used to operate government which the governor, in our approach to the budget...is a fundamental shift and that is our royalty income. We believe the royalty income should not be used to operate government. The royalty income should be used as it is now, primarily to provide a return to the citizens. Right now, in the neighborhood of 25-40% of it goes into the permanent fund...of our royalty income. That is a direct return...with the sole purpose of having a direct return to the citizens. The other part of it, in our judgement, should be going into building and upgrading our capital wealth...our roads...improving the structures that we have - things like the pioneer homes and our roads and public buildings...and in fact, in our proposal we have a substantial capital budget which will be used...which will dip into the surplus from this year just for deferred maintenance projects. In the neighborhood of \$150 million of deferred maintenance on roads, buildings, and other projects that have not been taken care of."

117-132: "What we've found, I think much to our surprise, much to my surprise, is that the reluctance to change, because what we're proposing is a fundamental change - the reluctance to change doesn't come primarily from the state employees. That was the kind of stereotype that I had coming in, that you'll never get this bureaucracy to move and so forth. And that is a problem, there's no question that no large organization, public or private, likes to change. But, when the legislature showed up and we started testifying before legislative committees is where I found where the reluctance to change is. Reluctance to change is in the elected officials and the employees of the elected officials. They like the way things have gone in the past and they would like them to keep going in the future. By and large there are, thankfully, from our standpoint, a strong minority that do want change to take place. But the big impediment to change right now is, in my judgement is our elected representatives in the legislature."

132-145: "The irony of all this is that we have a conservative administration that wants to change and we have a liberal legislative body that doesn't want to change. And I've rolled that one around in my mind a few times, too, because that's another stereotype that seems to be misplaced. What we've decided in terms of trying to get our state operating cost down to our level of taxes, licenses and fees is to begin a reduction in spending in the neighborhood of 5% a year over the next four years. Right now the state, in the taxes, licenses and fees category takes in about \$1.7 billion and right now we're spending a little over \$2 billion on operating government - so we have about a three to four hundred million gap to close...and we're going to do that by reducing the operating costs of government."

145-166: "The strategy is twofold based on the downsizing - reducing the number of employees, which is obviously a very difficult thing to do, and the other is to reduce the other costs that the state has taken on over the years - some of which involve shifting costs back to recipients the state's largess. The big recipients have been the municipal governments and school districts which will even, in the 1.7 billion plan, will receive a huge appropriation from the state each year - roughly half of the state's operating costs goes out to school districts and municipal governments - and I believe that ratio will probably be maintained. The state has about 2000 employees that retire, resign or leave employment every year. Our plan is to try to reduce in the next year...to bring about a permanent reduction of about 600 employees. We think we can use attrition, that attrition should provide us with the...a dynamic to do most of that...although there will always be situations where there will have to be layoffs. But for the most part, when you have 2000 people who are leaving voluntarily and you're goal is to reduce 600, we should be able to use attrition as a major way to achieve that goal."

166-176: "When it came time for me to decide in the Department of Administration how to reduce the department's budget by 5%, we went through a fairly - what I thought was a fairly rigorous process - We have certain programs that we are constitutionally obligated to provide. Some of them are things that may seem outrageous at first blush, and some are outrageous...the constitution, in fact the oath of office doesn't say that I am going to agree with the Constitution or the laws, it just says I will support and defend them."

176-216: "We have constitutional obligations, for example the public defender in the Office of Public Advocacy are functions within the Department of Administration. Some of those functions, of course, everyone can support - an indigent person has a right to counsel. Part of what we've seen is that process has some limits on it. For example, a notorious murder took place in Anchorage in December or January - a drug related murder in a motel when I believe four people were killed...murdered. When I read the article in the newspaper...after having some experience in what this might have in terms of budget...you start reading through about the suspect, the person that was arrested...had been employed as a fisherman...owns two houses...obviously has enough money to buy lots of cocaine every week - and as I'm getting down the article, I know what's coming...because the last paragraph said he has been assigned an attorney from the Public Defenders Office. Well, this person in my judgement, is from first blush is an indigent, so why are we doing this - we're doing it because the judge said we'll do it. We have since this time started a process of challenging the court on their indigence screening process - I think we're going to be able to effect some changes to reduce the caseload. I checked, by the way, to see the cost of providing this defense may be most criminal trials that the public defender...we are required, constitutionally, to mount the same kind of defense that a private attorney would mount and to mount a defense that's appropriate to the prosecution that the state is also paying for...this client, this particular person. And they estimate the cost of defending this person, who by the way confessed on videotape after the crime, that he still has a right to trial if he wants it - and if the trial doesn't cost anything, what does he have to lose - to be somewhere between \$20-50 thousand. So that kind of tests some of your thoughts in terms of our constitutional obligations and we think there are things that do to improve that. But nevertheless, in determining what we have to fund in the budget, those are the kinds of considerations we have.

216-233: "The second, after constitutional obligations, are legal obligations. We have, there are laws that requires us to do certain things." One of which is to run the Pioneer homes. In our judgement, the Pioneer homes needs were such that we had to increase their budget part of which is a result of the fact that they have become nursing homes...they no longer are essentially

doing their original purpose which was to be a place for people to retire and have a nice place to live. Now almost all people coming into Pioneer Homes are coming in for nursing care. The cost to provide this care is about \$6000 per month per person. Residential care is about \$2000 per month. So we see a growing trend, we think that within five years that the Pioneer Homes will be almost completely nursing care, very few right now we have vacancies in residential...on the residential side in all six pioneer homes and long waiting lists on the nursing care side."

233-244: "So clearly the market is selecting, making a selection here, and part of the reason is legitimate - we have lots of programs, some of which are in the Older Alaskans Commission, which is also part of the Department of Administration. We make it easy for old people, older people to stay at home, which is good. You don't have to go...very few people here, if given a choice, want to live, while you're still able to take care of yourself, want to go live in an institution. In your declining years you'd like to stay at home and our society is making it easier and easier for you to stay at home - even if you get to the point where you need medical and nursing help. We'll come in...the state and federal government programs will come into your home and help with those sort of things."

244-252: "So we have those obligations, unfortunately we don't want to...when it comes to the things like the grants for public broadcasting, we don't have that kind of an obligation. And in my judgement as we went down the list of priorities, that's where the public broadcasting priorities reside. And in my judgement, you shouldn't expect from us anything different in the future except a greater challenge to become even more self-sufficient."

252-262: "One of the things that I'd liked about Diane in talking about her approach which again was a unique approach is that she did disengage herself from state funding. Obviously she depends on you to get the state funding to buy her service but the freedom that you will have as broadcasters when you don't to depend on the federal government is obviously a preferable way to go - if you can get there...or when you can get there. All I can say is that I would challenge you to try to go in that direction as you have been in the past."

262-271: "You also, I think, have challenges of you own outside the state government and the federal government in terms of funding. You have regular conventional free market challenges from competitors. You have cable television that is providing many of the cultural and arts programming that used to be exclusive domain of public television. That means you now have to justify why a private alternative, or why the public should fund you and not fund a private alternative that provides similar service."

271-282: "In many cases the arguments regarding the health and safety and the need to have the public radio in a village because its the only way to warn of a tsunami or a airplane crash, or something like that, is legitimate and I think that some of those things are true...but again there are alternatives. Public radio isn't the only way that those things can be provided, particularly if there another radio or television station in the community. That's where the argument on the public safety and public information need as a justification for state funding I think runs a little bit thin."

282-290: "Finally, there's one area that I want to talk to you frankly about that I have grave concern about, and I have talked about this to all of the board members, when I've had a chance, and that is the lack of accountability of the Public Broadcasting Commission to the public. In the Department of Administration there are three commissions, actually two commissions that suffer from this: public broadcasting and the (Alaska) Public Offices Commission is in the same regard.

290-299: "Our constitution...in our constitution we only elect one person in the executive branch, the governor. I think there are only two other states that do that...Maine, I think elects only one person, and New Jersey only elects one person, in the executive branch. All the other states have many people elected in the executive branch... sometimes an attorney general - lieutenant governor is sometimes separately elected, sometimes members of vital boards and commissions, like the commissioner...like a school, what would be equivalent our state school board are elected by the public."

299-307: "In order to make sure that accountability in our system resides to the people, there has to be a way through the representative government process that boards and commissions can be held accountable to the public. The only way under our constitution for that to happen is for the governor to be able to appoint a majority of the members of all the boards and commissions."

307-314: "If we don't do that, if we don't allow the citizens through their gubernatorial election to control the boards and commissions then I think the public has lost control of what can be fairly significant parts of the executive branch. In the Department of Administration, in my judgement, they lost control of the Public Offices Commission and the Public Broadcasting Commission because both of those bodies...the members do not serve at the pleasure of the governor."

314-326: "I have felt so strongly about this accountability issue that I can only see two alternatives...one is that we change the constitution so that the members of these commissions are elected by the people. I don't think that's going to happen. I don't see the constitutional process as the way to bring about the accountability to the public. In my judgement, the only way to do it is through changes in the law - and we have introduced this legislation to make the...on these two commissions the members serve at the pleasure of the governor. In my judgement, the only way to make these things...these accountable."

326-339: "Let me say in closing that there's one area I think that has a high amount of possibilities - probably our best prospect for all of us for the future in terms of sustaining institutions that we believe strongly in - and that is through a much greater development of our economy...of our private economy. We have a great number of things going for us in Alaska - a great, broad spectrum of resources - and resources that the world wants and the world needs. And we, to some extent, have ambivalent feelings in the state, although I think that the vast majority of the people want to develop these resources.

339-359: "But I think that best thing that we could do to improve the non-profit world as well as strengthen our economy and provide a much brighter future for us and our children is to work as aggressively as possible to shift our reliance from government investment off to private investment. The vitality that comes out of that, and I think we saw everybody who is engaged in the arts or public broadcasting during the times when the state has been going through periods of strong development has seen the benefits because the kind of people that invest...the kind of companies that invest in Alaska are the kind of companies that support the arts and support public broadcasting. So I think that it's in all of our interests, not in our self interest for our institutions that we care about but also in the interests of the future that we support and try to foster as much as possible - the development of our economic...our resources and a broadening of our economic base to more reliance on private investment."

359-376: "Let me close by saying I have, I appreciated this opportunity...in fact when Diane asked me to do this, there was no misapprehension about our not sharing or us being at odds on a very significant issue in fact in our discussions that we've had with Diane, I've enjoyed the discussions as well. One of the things that is really great about our country is that we can have fundamental differences on public policy issues, we can share those differences and try to understand the other person's point of view. But we end up, hopefully respecting each others views even if we do not agree with them and I think that in the long run the fact that we can do this...engage in this kind of a dialogue is one of the greatest pleasures that we have as citizens of this country. Thank you very much."

# TRANSITION BRIEFING PAPER ALASKA PUBLIC BROADCASTING COMMISSION

## HISTORY

Public broadcasting began in Alaska in 1962 when KUAC, an FM station licensed to the University of Alaska in Fairbanks, began broadcasting. In 1970 Legislation creating the Alaska Educational Broadcasting Commission (changed to the Alaska Public Broadcasting Commission in 1976) was adopted by the Legislature and signed by the Governor. Since that time 16 additional full-service public radio stations and four public television stations have begun operation. In addition, the APBC supports numerous repeater and translator stations.

The goals of the Alaska Public Broadcasting Commission as noted in law are to provide the citizens of Alaska with an integrated public broadcasting system which will provide them with the opportunity to: (a) make informed decisions as participants in local, state and national government; (b) understand complex issues in both private and public sectors; (c) further their general education, welfare, health, safety, cultural enrichment, and entertainment; (d) understand in detail the problems, needs, and strengths of their local communities and to encourage them to participate in solving those problems, meeting those needs, and celebrating those strengths; and, (e) have access to public broadcast media. The Commission also provides legal and technical advice to stations; assists in the managerial selection process; provides training to local board members; funds in-service training for other staff; and works to maximize Federal funding for the system.

Public broadcasting in Alaska is locally owned and operated. There are no State or local government officials in positions of direct control over any of the public stations in Alaska, except for KUAC(FM)-TV in Fairbanks, licensed to the University of Alaska and KDLG in Dillingham, licensed to the city school district. Each station, through this ownership arrangement, is responsive to the needs of its service area. Because of local ownership and control, the salaries and other expenses paid by Alaska public stations reflect community standards - not State salary schedules or expenses. Community standards also are the governing factor in the selection of program schedules for the stations, and in any judgments about the ethical or moral standards adhered to by station programs. It is important to point out that local control of public broadcasting in Alaska is real. Each station is governed by a locally-elected board of directors composed of citizens who receive no pay for their work on behalf of the stations. Those local boards have full managerial and policy-making powers with regard to each of the stations. The APBC provides grants to these local stations as a part of each facility's total support.

## POLICY ISSUES

### Short Range

1. **Maintain Crisis Response/Statewide Coverage:** There is a general perception that public broadcasting is "nice, but not necessary." The system is often compared unfavorably with the need in Alaska for roads, water, sewers, etc. There is, however, an absolute necessity for Alaska's Public Broadcasting System in times of crisis and emergency. When flood waters are rising; when earthquakes occur; when tsunami warnings are being issued; when oil begins to spill; when major governmental actions are being contemplated and citizens wish to be informed - nothing is more important than the role public broadcasting plays in dealing with such issues. A fully operational public broadcasting system needs to be in place, providing 18 to 24 hour-a-day broadcasting, with news and information staffs at the ready, so that any sudden event can be covered and communicated to every citizen. Yes, public broadcasting does provide music programming, drama, even comedy. But those programs are necessary in order to provide a full-time service that the public can turn to when a crisis occurs. The system must also be funded so that translators and repeaters broadcasting in remote areas can continue to function. Similarly, all repeater stations should be staffed to provide at least a minimum of local coverage capability. Finally, the training of Alaskan Native personnel for full-service stations and repeaters is directly related to the system's ability to provide meaningful service to every community, regardless of language and culture.

2. **Equipment Replacement:** Many public stations are receiving in FY 91, equipment replacement funds for the first time in six years. The amount they are receiving, however, is less than 25% of the amount required to deal with the backlog of equipment replacement needs. It is imperative that regular replacement of equipment occur throughout the system.

### Long Range

1. **Alaska Native Employment:** There are currently only two native managers at Alaska stations, both at repeater radio stations. The hiring, training, and promotion of Alaska Natives occupies a high priority with the APBC. A program to train Native Alaskans, mentioned in number 1 above, will help in making a start in addressing this issue. Additional participation must be sought, however, from statewide and regional Native Corporations, foundations, and others.

2. **Partially restore lost service:** The Exxon-Valdez oil spill proved to be one of Alaska public broadcasting's finest hours. It responded to the crisis with in-depth, objective coverage which was utilized in Alaska and throughout the country. That event also showed how thin the public broadcasting system has become. Without a supplemental appropriation, some public stations would have become bankrupt as a result of the expense of the coverage. During FY 84-86, Alaska's public broadcasting system ranked among the top such systems in the nation. It received national acclaim and was used as an example of how public broadcasting can meet a wide variety of needs. A beginning needs to be made in restoring some level of excellence to the system.

## LEGISLATIVE ISSUES

1. **New Income Sources:** The 1990 Legislature passed HB 587, and Governor Cowper signed the bill into law. The bill allows public broadcast stations to conduct on-the-air charitable gaming for the benefit of stations and/or networks. The gaming cannot begin, however, until the State's Department of Commerce has held hearings on the practice of on-air gaming in all of Alaska's judicial districts. The income from on-the-air gaming might allow for improvements in the public broadcasting system without further general fund expenditures. The beginning of such an income stream is at least two fiscal years away.

2. **Relocate the APBC within State Government:** Previous transition recommendations have included moving the APBC out of the Department of Administration to either the Department of Education or the Department of Commerce and Economic Development. The APBC was housed within the Department of Education until 1981, when it was moved to Administration by Executive Order. Location within the Department of Administration provides easy consultation between the APBC and the parts of the Information Services Division which deal with telecommunications. A location within the Department of Education would make using radio and television for instructional purposes more convenient and might open the way for a reintegration of education and public broadcasting, a relationship which was fractured by the Executive Order in 1981. That order gave primary responsibility for instructional telecommunications to the Department of Education and the University of Alaska. A relocation could be accomplished either by statute or by Executive Order, which would require that the Legislature take no action negating such an order.

## OTHER AVAILABLE INFORMATION

1. A 14 minute VHS video is available, which provides an excellent overview of the services provided by public broadcasting in Alaska. A copy can be obtained from the APBC office in Juneau (465-2846).

2. The APBC's annually updated Long Range Plan, Public Broadcasting in Alaska: A Long Range Plan, is also available from the APBC office.

3. The APBC office also has information which provides comparisons of Alaska contributions to the support of public broadcasting with those of other states; how Alaska stations fare with regard to local fundraising when compared with stations in other states; and what percentage of state support is provided to each Alaska station; as well as average total state support.

# Public broadcasters pale at planned cuts

By JOHN TETPON

TIMES WRITER

Public radio and television stations across the state are shuddering over the aim taken by the state's top budget-cutter at their pocketbooks.

Alaska Department of Administration Millett Keller said Saturday he would take money from public radio and television, among other projects, to make the state's checkbook balance.

KAKM general manager Elmo Sackett said Monday the

roughly \$2.2 million figure talked about by Keller is exactly what the state contributes to the operation of three major public television stations in Alaska — KAKM, KTOO in Juneau and KUAC in Fairbanks.

The decision may affect the state's rural communities particularly hard. Many of them depend upon public television as their only link to what is happening in the rest of the state and the world.

See Cuts, back page

*Anch Times 1/15/64*

## Cuts

Continued from page A1

Keller, quoted as saying public broadcasters had the right to "paint the worst-case scenario," is under orders from Gov. Walter J. Hickel to cut the total state budget of \$2.4 billion by 5 percent.

Keller said Monday he needs to trim the budget by \$115 million.

He also said Monday it is coincidental that the \$2.2 million figure matches the state contribution to the three television stations.

But he said that more of the burden of paying for public radio and television rightfully belongs to the people who enjoy them.

"Ideally, they would be better off if the state was not supporting them," he said.

"All of those communities can afford to pay something. There's a cash economy out there."

Keller also said a team of three state officials including himself, Commissioner of Revenue Lee Fischer and Director of the Office of Management and Budget Shelby Stasny will meet this week to prepare recommendations for Hickel.

Television and radio station manager Bruce Smith of Fairbanks said he was shocked when he read of the proposed budget cuts.

"Public television is an important ingredient to the quality of life here in Fairbanks," he said. "It's kind of discouraging to think how I could dismantle the thing."

Smith added he had been aware of the plan for at least two weeks and that he had heard there was now a "new configuration for the proposed cuts."

Alaska Public Broadcasting Commission executive director Charles Northrip of Juneau said members of his nine-member body will have a role to play if the Hickel administration pursues the budget cuts.

"My guess is that they (com-

mission members) would choose to totally eliminate money to some (radio and television) stations in order to preserve others," he said. "Those are very difficult decisions to make."

Northrip said he also thinks the commission, which is charged with distributing more than \$7 million in state money to both public radio and public television stations, may choose one of the alternatives of recommending total elimination of public TV or choose to keep public television and eliminate five to eight radio stations.

Alaska Public Radio Network president Diane Kaplan said Monday shutting down major sources — and in some cases the only sources of information — to the Alaska public is not in keeping with the promise Hickel made when he talked about budget cuts.

Hickel said in his campaign he would try to make cuts that would not be seen nor felt.

Ninety percent of the adult population in rural Alaska listens to public radio, she said.

# Hickel hems on radio cuts

## APRN head sees loss of funds

By SCOTT REEVES

NEWS WRITER

Gov. Walter J. Hickel appears to be reconsidering his proposal to slash state support for Alaska Public Radio by 30 percent.

A state senator also vowed Thursday to provide full funding for public radio, but a final decision will not be made until the Legislature's upper house presents its version of the budget next week.

"The governor has said no budget is final until he signs it," said Eric Rehmann, the governor's press secretary. "We came out with some numbers and we'll make some compromises."

Rehmann said the proposed 30 percent cut in state support did not reflect an antipathy for pub-

lic radio, but a need to reduce spending to match declining revenues.

"The governor understands the importance of public radio to the people living in the bush and he's a supporter of public TV," Rehmann said. "But the governor faces a difficult financial situation — revenues are dropping and cuts have to be made. He's trying to figure out a way to cut the budget without affecting any program too greatly."

Diane Kaplan, president and chief executive officer for the 24-station Alaska Public Radio Network, said she was encouraged by the governor's apparent willingness to reconsider the proposed cut.

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# Radio

Continued from page A1

If the proposed 30 percent cut in state funding is made, many stations would sustain an additional reduction in matching federal funds that could force a few off the air, she said.

"It would be devastating," Kaplan said. "There has already been a 21 percent cut in state grants for local stations since 1980 and that has resulted in a cut in federal support of 8 to 10 percent. So some stations are already down about 30 percent and another 30 percent cut in state funds would mean a further cut of as much as 40 percent in federal funds."

Kaplan said Alaska residents support public radio at rates higher than the rest of the nation and the network also enjoys wide support from the business community. But fund-raising events and membership drives have nearly reached the saturation point and state support is needed to keep the statewide network intact.

State Sen. Jim Duncan, D-Juneau, said the governor should not cut spending for public radio. The House has voted to maintain funding for Alaska Public Radio at its current level, \$7.5 million per year.

"I'm confident the Legislature will fully fund public broadcasting," he said. "But the final decision will be up to the governor."

However, the governor has the authority to veto individual spending recommendations without rejecting the entire budget. The Legislature can attempt to override a line-item veto, but prospects are always uncertain, Duncan said.

He said public radio plays a vital role in Alaska, especially in remote areas where there are no commercial stations. In the bush, public radio is often the only source of news.

Don Rinker, general manager for KBRW in Barrow, said the public radio station serves 80,000 square miles on the North Slope. The proposed 30 percent cut combined with the anticipated loss of federal funds could result in as much as a 50 percent reduc-

tion in operating funds.

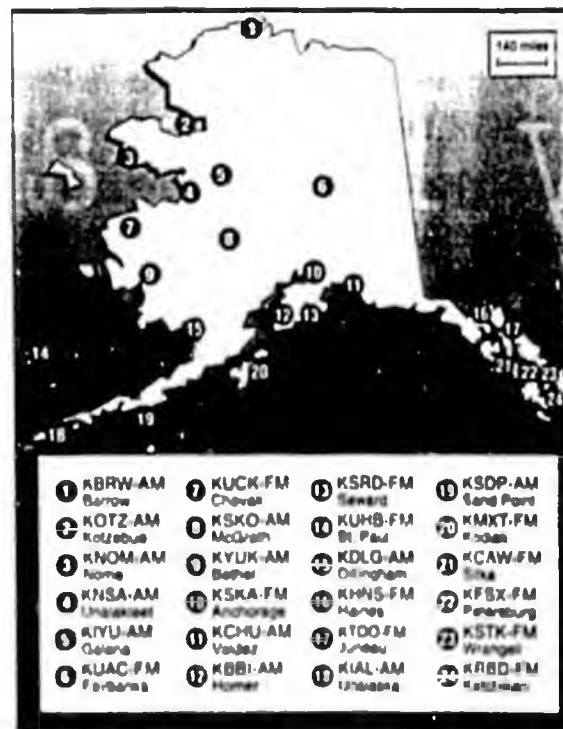
"That would put us out of business," Rinker said.

He said the station broadcasts local, state, national and regional news as well as public hearings and press conferences.

"Since the majority of our audience can't get to these public meetings, they'd be disenfranchised from government without our broadcasts," Rinker said.

In addition, the station provides weather forecasts, often interrupting programming to alert residents, fishermen and campers of approaching storms. Fishermen use the station as a honing beacon when at sea. The "Tundra Drum" service also provides personal messages to people without phones in remote areas. Messages such as "Mary Jane Smith, please call home immediately, collect. There's been a family emergency" are common, he said.

"We have to find some way to preserve the service," Rinker said. "It's important to those of us who live in rural Alaska. Trying to be the 'Voice of Alaska' is tough, but I believe it's money well spent."



# Keller states rural services not essential

by Holly F. Reimer  
Tundra Times reporter

According to the Alaska Public Broadcasting Commission, the governor's proposed 30 percent cut to the public broadcasting budget would impact the entire state.

**See related story**  
—page fourteen

Charles Northrip, executive director of the Commission, said it's not feasible to make across-the-board cuts at all stations either.

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Page Eleven

## • Keller says rural news services not essential

continued from page one

"The directors of the broadcast commission will have to decide how to cut and it's too large a magnitude to cut it straight across the board," Northrip said.

If the proposed 30 percent cut goes through, it will become effective July 1 for FY 1992.

So far, Northrip said, the state house of representatives and a senate subcommittee has agreed to restore those cut funds. But the governor will have the last word, he added.

"As you know in Alaska it's up to the governor. The governor has the veto power. The governor can reduce or eliminate any funding," he said.

Hickel has reportedly not commented whether he will veto or not. During a public broadcast meeting in Juneau earlier this month, Alaska Public Radio Network employees reportedly were shocked by comments from Millett Keller, the administration department commissioner, recently appointed by Gov. Hickel.

In response to comments on how budget cuts could affect the coverage of news in rural Alaska, Commissioner Keller allegedly said during the

***If news was a vital service then I think people would move to where they get the vital service, just like they moved so they could go to a better school...***

meeting that rural residents who want public news on a daily basis should move to an urban area.

He said rural residents are entitled to this news only if it's on a life and death matter. The *Tundra Times* recently received a copy of the taped meeting. The following are some excerpts:

"These are the reasons that people choose to live in a village or instead of living in a town or city. In a town or city these are essential services and that's why you have multiple radio stations and media that provide these things," Keller told the group.

"If news was a vital service then I think people would move to where they get the vital service, just like they moved so their kids could go to a better school or they move where they can have an easier place to live," he

stated.

Keller went on to say that the state provides other vital services to rural residents that he *does* approve of. Telephone service, for instance.

However, Keller apparently doesn't approve of the delivery of four color television stations across the entire state.

"Unfortunately, in my judgement we've chosen to do that as well," Keller said.

"So I think there's a line between where the vital services stop and where the optional services start."

Northrip, from the broadcasting commission, said roughly two-thirds of the state funding goes to public radio and about one-third to public television.

Public radio and television can also receive federal support if they qualify. But according to Northrip if funding is cut, eight or nine stations would fall below the federal qualifications for additional funding.

"And then of course the 30 percent would severely weaken others," he added. He said the broadcasting commission does not have an easy choice to make.

One option, he said, is to eliminate rural coverage and opt for urban public stations.

But this solution is not as easy as it seems, Northrip said. About 80 percent of the children that routinely watch *Sesame Street* and *Mr. Rogers* are from rural areas and would therefore be cut off from that programming.

He explained that even cuts to the Anchorage budget would affect services to Kenai Peninsula and the Southeast portion of the state also.

"It'll have to be that kind of dramatic action," he said.

**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

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(907) 465-3867 or 465-2450  
FAX (907) 465-2029

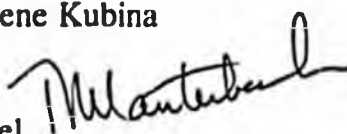
Deliveries to: 240 Main Street  
Court Plaza, Room 500  
Mail Stop 3101

MEMORANDUM

April 16, 1991

**SUBJECT:** "Foster Care" Review Panels  
(Work Order No. 7-LS1228)

**TO:** Representative Gene Kubina

**FROM:** Terri Lauterbach   
Legislative Counsel

You have asked whether it is optional or mandatory for the Department of Administration to administer the "foster care" review system enacted by ch. 117, SLA 1990.<sup>1/</sup>

The short answer to your question is that the review system was established by the legislature. The panels' members are to be appointed by the governor. The Department of Administration does not have any authority over whether or not the system is established or how it operates.

DISCUSSION

The review system established under ch. 117, SLA 1990, consists of two parts: a state panel called the Citizens' Review Panel for Permanency Planning and local panels called local citizen out-of-home care review panels.

With respect to creation of the state panel, AS 47.10.400 provides, in pertinent part, as follows:

There is created in the Department of Administration the Citizens' Review Panel for Permanency Planning. The state panel consists of five voting members appointed by the governor from among present members of local citizen review panels established under AS 47.10.420.

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<sup>1/</sup> The system is generally called the "foster care" review system. However, its jurisdiction extends beyond foster care cases to encompass other types of out-of-home placements as well.

The governor shall appoint at least one voting state panel member from each judicial district. . .<sup>2/</sup>

This statute does not suggest to the Department of Administration that it could establish the state panel if it wants to. Nor does it give a duty to the department to establish the state panel. The statute gives the Department of Administration no role whatsoever in whether or not the state panel is established. For organizational purposes, the panel is placed within the Department of Administration. However, the panel is established by operation of law; its existence does not depend on actions of the department.

The same is true with regard to establishment of the local panels. AS 47.10.420 provides that "[t]he governor shall appoint for each judicial district a local citizen out-of-home care review panel. . ." The Department of Administration is not even mentioned in this statute, let alone given any authority to appoint the local panels.<sup>3/</sup>

Not only does the DOA have no role in establishment of the review system, it also has no role in administering the system. Administration of the review system is in the hands of the state panel, once appointed by the governor. The state panel is directed to adopt regulations governing itself and the activities of the local panels,<sup>4/</sup> and it is directed to review and coordinate the activities of the local panels.<sup>5/</sup> It is directed to meet twice a year.<sup>6/</sup> It is authorized to employ a program coordinator.<sup>7/</sup> Its members are entitled to reimbursement for actual expenses up to the amount that can be received by other board members.<sup>8/</sup>

It is clear that, under ch. 117, SLA 1990, the state panel could meet, accumulate expenses, hire a program coordinator, and adopt regulations without the approval of the Department of Administration. The Department of Administration is given no

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<sup>2/</sup> The requirement that the state panel's members be members of local panels is inoperative for the initial members. See sec. 7, ch. 117, SLA 1990.

<sup>3/</sup> All references to "department" throughout ch. 117, SLA 1990, refer to the Department of Health and Social Services, not to the Department of Administration. The only reference to DOA is in AS 47.10.400, set out on page 1.

<sup>4/</sup> AS 47.10.410(1).

<sup>5/</sup> AS 47.10.410(3).

<sup>6/</sup> AS 47.10.400(d).

<sup>7/</sup> AS 47.10.400(f).

<sup>8/</sup> AS 47.10.400(d).

Representative Gene Kubina

April 16, 1991

Page 3

authority over any of these activities of the state panel. They are duties, powers, and entitlements of the state panel itself.

Similarly with the local panels. They are directed, once appointed by the governor, to review the children's cases that are within their jurisdiction.<sup>9/</sup> They are governed by the regulations that are to be adopted by the state panel.<sup>10/</sup> The Department of Administration is given no authority over the activities of the local panels.

Any discretionary authority that may exist with regard to the establishment and operation of the state and local panels lies only with the governor, not the Department of Administration.

One area of "discretion" is in the matter of the appointment of the panels. The governor is directed to appoint the panels' members, i.e., it's not a discretionary power; but, practically speaking, there is very little the legislature can do to require that those appointments be made. Hence, there is some "discretion." The legislature could strengthen its position for forcing the governor's hand in any future court action by enacting a law placing a time limit on the governor's duty to appoint the various panel members, but legislation by itself cannot force the appointments to be made.

Another area of "discretion" for the governor involves the operation of the panels. Since the members serve at the pleasure of the governor, they can be removed by him if they pursue actions or adopt regulations he disagrees with. Insofar as the governor may receive information about the panels' activities from the Department of Administration, then DOA is involved. However, DOA's involvement can only be indirect. Only the governor can appoint or remove a panel member.

In summary, the Department of Administration has no direct authority to establish or limit the operation of the review system established under ch. 117, SLA 1990. While the department may serve as the "eyes and the ears" of the governor with respect to the state and local panels, only the governor can take direct action to limit the operation of the review system, primarily by exercising his appointment power.

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I hope you find this discussion helpful. If I can answer further questions, please let me know.

TML:pl  
91-261.plm

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<sup>9/</sup> AS 47.10.440.

<sup>10/</sup> AS 47.10.410(1).



Official Business

# Alaska State Legislature

Senate

SENATOR VIRGINIA COLLINS

Pouch V  
State Capitol  
Juneau, Alaska 99811

## MEMORANDUM

TO: Don Tanner  
Boards & Commissions

FROM: Senator Virginia Collins *VC*

DATE: March 19, 1991

RE: Citizens' Review Panels for Permanency Planning  
(referred to in the budget BRU as "Child Care Review  
Boards")

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Pursuant to a telephone conversation today with my staff assistant, Marveen Palmer, I wanted to give you some additional information regarding the funding of the above-referenced program.

The House Finance Sub-Committee for the Department of Administration planned to extend the lapse date for the remaining FY 91 funds. \$570,800 had been appropriated for FY 91. The balance remaining in the program as of 2/20/91 was \$531,001 according to figures from the Department of Administration. In the Governor's FY 92 budget, \$503,500 was listed as the amount proposed to be eliminated.

Now that the administration has decided to fund the program for FY 92, we need to establish what is needed to have the program fully funded for the balance of FY 91 and all of FY 92.

If the lapse date is extended, but the program is implemented sooner than FY 92, the program could be short-funded for FY 92. If \$531,001 still remains in the FY 91 budget and the essential funding for FY 92 is \$503,500, will the difference of \$27,501 be sufficient for the remainder of FY 91?

When does the administration plan to submit the budget amendment for this program? With the House having their budget close-outs this week, I need to get this issue clarified with the members of the finance committees.

If you have questions or if I can be of assistance, please call me at 465-2828.



# Alaska State Legislature

SENATE

Official Business

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

February 13, 1991

Representative Kay Brown, Chair  
Administration Finance Subcommittee  
Capitol, Room 513  
P.O. Box V  
Juneau, Alaska 99811

RE: Child Care Review Board

Dear Kay,

I want to thank you for allowing me the opportunity to participate in the committee discussion this morning regarding the Child Care Review Board. I do apologize for openly venting my anger over some of the statements made to the committee by Jim Fox.

There are other questions which need to be asked of the department. They are talking about eliminating the program for FY92. Their performance, or lack thereof, for FY 91 needs to be addressed.

I enclose a copy of "Summary of Expenditures and Encumbrances: Child Care Review Board Budget Information Through 2/7/91." I also enclose a copy of a letter I sent to Emily McAlister on October 31, 1990 addressing some of her concerns about the program. To respond to her, my staff spoke to Jim Fox and obtained the information contained therein.

There are several issues which you may wish to have clarified. First, the department hired an administrative assistant, Carolyn Crouch, to help get the program started. Did funds for her position come from this budget? Under the legislation, the state panel hires an executive director who may hire staff. Second, the person who has been running the pilot project in Ketchikan under contract, Corrine Radergraham, was given a raise by the department last year

Page Two  
February 13, 1991  
Representative Kay Brown

after this legislation had become law. Did the department have that authority? What funds were used?

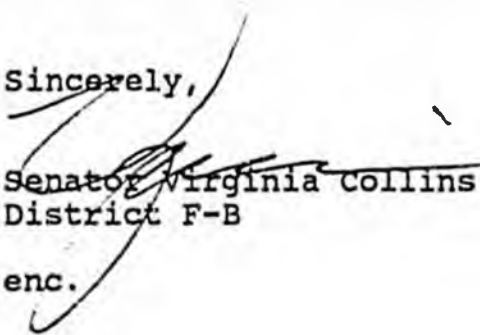
There were a number of people who raised questions about the state panel selection process and then the director selection process. (See McAlister letter, page 1, second and third paragraphs).

The state panel met in December and planned to meet again in early January to select a director. Panelists were called and informed that the meeting was cancelled, travel expenses would not be allowed, and that the program would be closed down. Carolyn Crouch has basically been left on to close down the operation. With this background, there are some questions you may wish to ask. The program still has an unencumbered balance of \$533,700.

I appreciated your question about the commissioner's ability to make a decision to eliminate this program because he does not philosophically agree with it. Jim Fox stated he would leave that question to the commissioner. I will be interested in his response.

Finally, I want to thank you for your comments and support for the program. Please do not hesitate to contact me if I can be of further assistance. Again, thank you for your help.

Sincerely,

  
Senator Virginia Collins  
District F-B

enc.

SUMMARY OF EXPENDITURES AND ENCUMBRANCES  
 CHILD CARE REVIEW BOARD BUDGET  
 INFORMATION THROUGH 2/7/91  
 DOLLAR AMOUNTS IN THOUSANDS

	FY91 AUTH	EXPENDITURES	ENCUMBRANCE	UNENCUMBERED BALANCE
TOTAL	\$579.9	\$23.9	\$22.3	\$533.7
PERSONAL SERVICES	\$313.4	\$9.4		
TRAVEL	\$32.5	\$3.7		
CONTRACTUAL SVCS	\$132.7	\$10.2	\$22.3	
COMMODITIES	\$11.1	\$0.6		
EQUIPMENT	\$90.2	\$0.0		

NOTES: PERSONAL SERVICES Expenses are for an administrative assistant hired for startup of program.

TRAVEL One board meeting - travel and honoraria.

CONTRACTUAL Expenditure represents a reimburseable services agreement for administrative services associated with board start up and operation. These expenditures will be adjusted as the decision to terminate the board has changed these requirements.

Encumbrance represents lease of copier. If program is terminated, most of amount shown will lapse.



# Alaska State Legislature

## SENATE

Official Business

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

February 9, 1991

Commissioner Millett Keller  
DEPARTMENT OF ADMINISTRATION  
P.O. Box C  
Juneau, Alaska 99811

Dear Commissioner Keller,

Thank you for meeting with me recently to discuss the future of citizen review panels for children in out-of-home placements. I indicated to you I would furnish additional information.

I will present some fiscal facts first. Using FY88 figures, the average cost of foster care in Alaska per child per month is \$551.84, or \$6,622.00 a year. If the child is in residential care, the cost increases to \$90 per day, \$2700 per month, or \$32,400 per year.

The \$503,000 cost of citizen review panels for one year equals only 3% of the \$13,626,600 FY92 request for formula funded foster care which covers placement costs. This program will help to reduce the ever-increasing foster care costs and reduce the length of time a child spends in foster care, the 3% investment is worth it. Likewise, the citizen review panel cost equals only 4% of the \$11,164,100 FY92 request for formula funded residential child care.

The Anchorage Citizen Review Pilot Project determined that there was a cost savings when citizen reviews were done. That project used a control group for comparative analysis. Children whose cases were reviewed by the Citizen Review Board averaged 50 days less in foster care than the control group whose cases were not reviewed by the board.

The Nebraska Citizen Review Board compiled information through research done by Ann Coyne, Ph.D. at the University of Nebraska. Dr. Coyne discovered a cumulative cost savings. Reviewed children were more likely to be adopted, be placed with relatives, or be placed in more homelike foster care as opposed to the institutional setting. Savings the first year of the study were \$236,880. Due to the fact that a number of

Page Two  
February 9, 1991  
Commissioner Millett Kellet

the adoptions occurred with older children who had been in the system and were deemed likely to remain in the system until emancipation, a cumulative savings was seen (ie. the anticipated costs of those children for each year until emancipation were dropped the year they were adopted). Second year savings were \$277,200 plus the cumulative savings factor. Savings the third year were approximately \$249,480 plus the cumulative savings factor. "Of particular interest (was) the fact that all but 2 of the 32 adoptions of the reviewed children occurred without the assistance of subsidy resulting in a large cost savings." (1985 evaluation, page 79)

In the final report of the Anchorage Foster Care Review Board, there is a historical section on citizen foster care review in the U.S. (pages 2-4). The report states that of the states which created Citizen Foster Care Review systems, "Each of these states saw a reduction in the cost of foster care after overcoming the initial fiscal impact of beginning a foster care review system. Delaware realized savings of at least \$25,000 for each child in foster care whose permanency planning resulted in adoptive placement. This resulted in a two year savings of over \$1.5 million dollars that would cover the operational costs of Delaware's Foster Care Review operation for more than 13 years.

It has been documented many times historically that high risk children have a higher incidence of showing up later in youth or adult detention facilities. In the book, High Risk: Children Without a Conscience, Foster Cline of Evergreen Consultants in Human Behavior states "For every dollar we spend on seriously troubled adults, we get a nickel back. For every dollar we spend on seriously troubled youth, we get 50 cents back. For every nickel we spend on seriously disturbed infants, we get a dollar back."

The average cost per year per incarcerated adult in Alaska is \$30,660. The average cost per year per incarcerated youth including costs of a treatment program is \$59,927. And that figure is for McLaughlin Youth Center whose costs represent a lower average than other facilities. This illustrates the old saying "An ounce of prevention is worth a pound of cure" or "We can pay now or we can pay later."

During the interim in 1988, the House Health, Education, and Social Services Committee held numerous hearings and meetings on the Alaska foster care system. One of the recommendations was to create a statewide citizen review system.

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February 9, 1991  
Commissioner Milllett Keller

Performance audits of the Division of Family and Youth Services over a period of years, including one as recently as 1990, have stated the same deficiencies again and again. One recurring deficiency has been the lack of case plans for children in foster care. Due to some of these deficiencies, federal grant monies of approximately \$185,000 had to be returned when the division failed an audit for FY88.

In New Mexico, child protective services had severe problems. The court ordered certain actions be taken to remedy the situation. One of those court-ordered actions was to implement a citizen review board. In a pilot project in Snohomish County in Washington State, a report stated that 88% of the caseworkers believed citizen review had a positive impact on permanency for children, 100% of the guardian ad litem believed the boards had a positive impact on permanency, 88% of parents' attorneys felt review boards would have a positive impact on permanency. This illustrates another benefit of the program. In states where citizen review panels are in place, interacting agencies such as those mentioned above, as well as the court system, have experienced an improved spirit of cooperation as well as some cost reductions in their respective agencies. Community cooperation and awareness has increased as citizens have become involved. More people have been willing to become foster parents in many of these states. A cost-savings is also realized by utilizing citizen volunteers. Bill Hitchcock, Master of the Children's Court and a board member for the National Citizen Review Board, wrote you recently about his personal concerns regarding your proposed action. I believe Master Hitchcock addresses the value of volunteers in his letter to you.

I encourage you to contact Master Hitchcock, Judge Thomas Schulz in Ketchikan, and Carol Stitts, Director of the Nebraska Citizen Review Board if you have not already done so. I would be happy to supply you with the names of directors in other states or furnish you additional information if you wish.

It is not often that in addition to support from many of Alaska's citizens and groups such as the Alaska Chapter of the National Association of Social Workers, the Alaska Foster Parent Association, and the Tanana Chiefs, a bill of this magnitude receives such widespread bipartisan support that it passes both the House and Senate unanimously with funding intact. I also remind you that if fiscal conservatism is considered, very concentrated, coordinated, and successful efforts were made to reduce the initial fiscal note from \$1.5

Page Four  
February 9, 1991  
Commissioner Millett Keller

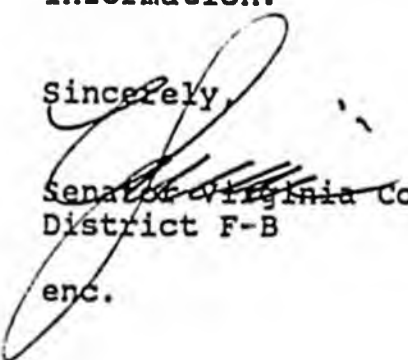
million to \$570,000.

Given the outcome of the pilot programs in Alaska and the success of the programs in 21 other states, it would appear prudent to give child care citizen review boards a try in Alaska. There is a sunset provision in this law. The date is June 1, 1994. The sunset date appears to be a more appropriate time to make a determination about the necessity and the merits of the program.

Due to the nature of your letter and our discussions, I have focused primarily on the fiscal aspects of the program and the fact that there are serious deficiencies in the current system. The most important consideration is the quality of care these children need to receive and the consequences that can result if there are deficiencies in this system. I have attached some information regarding the psychological, sociological, and physical impacts this can have on children.

In addition to my concern, I have received calls from a number of legislators and other people who have expressed utmost concern about your proposed action. I continue to feel that it would be a grave error to eliminate the program or funding for the program. I urge you to reconsider your position. Please do not hesitate to contact me if you need additional information.

Sincerely,



Senator Virginia Collins  
District F-B

enc.



## Trial Courts

State of Alaska

THIRD JUDICIAL DISTRICT

300 E. SPUR

Anchorage, Alaska 99501-3000

January 31, 1991

WILLIAM D. HITCHCOCK  
Master, Trial Courts

Millett Keller, Commissioner  
Department of Administration  
P.O. Box C  
Juneau, AK 99811

Dear Commissioner Keller:

It has come to my attention that the Department of Administration has decided not to seek funding for the new Citizens Review Panel for Permanency Planning for FY92, and therefore that the program will not be started up as scheduled this fiscal year. For those of us who have been involved in promoting this program, the decision is needless to say very disappointing. I wanted to express to you some of my concerns, but wish to point out that these are my own individual views and in no way constitute the official position of the Alaska Court System.

I have served as standing master for Children's Court in Anchorage for the past ten years. During that time, I have seen a phenomenal increase in cases filed and in overall child abuse reporting in this state. Unfortunately, there has not been a parallel growth in the resources devoted to this problem within the public sector. We have seen rising numbers of children in out-of-home placement, coupled with unmanageable caseloads in child protective services. The net result is a significant number of children whose needs for permanency and stability are not being met.

While certainly it would be desirable to see these needs met through adequate funding and service delivery by DHSS, it is my belief that independent, periodic case review would still be a necessary component to an integrated system of child welfare services. There are those who argue that the need for case

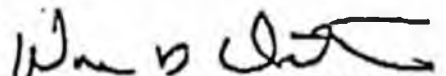
Millett Keller, Commissioner  
January 31, 1991  
Page 2

review can be met by a combination of administrative review boards within DHSS and judicial review. It is my firm belief that the internal review process lacks the independence necessary to insure that permanent outcomes for children will be achieved. Judicial review can, at best, insure that the major legal requirements of the case are being met, but offers little in the way of in-depth exploration of the needs of the case.

Citizen review offers the promise of a truly independent, meaningful, and in-depth examination of the case planning process for every child in placement. However, even beyond that, it offers something to the child welfare system that is difficult to quantify. It offers the involvement of dedicated citizen volunteers who can become informed of the needs and problems of this system, and who can eventually become some of the strongest advocates for the plight of these children. At a time when the resources of government are shrinking, I find it dismaying to see government turn its back on the willing involvement of citizen volunteers. This is truly an opportunity to bring the community into the child welfare problem, and into a system which is often criticized as being too closed off and cloistered from the eye of public scrutiny.

I hope the door has not been totally closed for further dialogue on the wisdom of this program. I thank you for taking the time to consider my comments.

Very truly yours,

  
William D. Hitchcock  
Master, Children's Court

WDH:lja

JAN 02 1991  
WALTER J. HICKEL, GOVERNOR

**DEPARTMENT OF ADMINISTRATION**

OFFICE OF THE COMMISSIONER

December 28, 1990

P.O. BOX C  
JUNEAU, ALASKA 99811 0200  
PHONE: (907) 465 2200  
FAX: (907) 464 2175

The Honorable Virginia Collins  
Alaska State Representative  
3111 C Street, Ste. 412  
Anchorage, AK 99503

Dear Virginia:

Re: Child Placement Review Panel

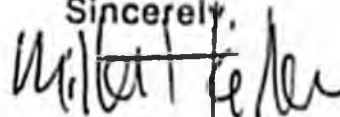
The purpose of this letter is to summarize the results of our phone conversation on Thursday, December 27, regarding my intention to eliminate funding for the Child Placement Review Panel in FY 92.

I believe the goals of this Panel can best be achieved by the Executive Branch living up to its responsibility to meet the needs of the clients. To that end, I pledge my personal commitment to work with Ted Mala to ensure that our departments meet these needs without the necessity of hiring staff, renting office space, and incurring the estimated \$503,000 expense for the Panel. I will follow-up on your suggestion that I contact Judge Schultz and Bill Hitchcock to get their perspectives on the need for this program.

After I have discussed this issue with them, Ted Mala and I will follow up with another phone call to you.

Thanks for your time and patience in reviewing this issue with me.

Sincerely,



Millett Keller  
Commissioner

MK/nl

cc: Commissioner Ted Mala  
Department of Health & Social Services

Bruce Kendall  
Legislative Liaison  
Office of the Governor

# Hickel's budget cuts child review board, despite pilot success

By PATRICIA BOLOVECHIK  
TIMES WRITER

Helena was placed in foster care when she was 2 months old and her mother was ordered to attend parenting classes, obtain housing, complete her high school equivalency diploma and visit her child.

The mother did none of those things the court had ordered. At 4 years old, Helena still was in foster care, with no plan to get her into a permanent home.

Because Helena's case is not unusual to Alaska foster care, review boards were created to develop and oversee long-term case plans to more quickly place children into permanent homes, said Sen. Virginia Collins, R-Anchorage. Review boards are used by 26 states.

But Gov. Walter J. Hickel did not include the new state board in his proposed state budget. The state board was to be based on programs in Anchorage and Ketchikan.

Ketchikan was chosen as one of four sites nationwide for review board pilot projects, while Anchorage obtained federal funding for a similar study on early foster care review.

Collins won bipartisan legislative support last year to create the state review board. The two pilot projects had clearly demonstrated success, she said.

After one year, the local volunteer boards had reduced foster home stays for children and moved some long-term foster children to permanent homes.

"It was proven to save money and ensure that kids get placed quickly," said review board member Linda Julliard.

A report by the National Association of Foster Care Review Boards found that Alaska's trial cases in which early review was used resulted in shorter stays — 30 days vs. 80 days.

Advocates say the review board, allocated \$100,000 to begin the project, would save the state much more than that in fewer payments to foster homes, particularly for teenagers who are brought into the system and often stay until they reach 18.

The Anchorage project, involving 84 of the average 1,300 children in Alaska's foster care system, saved the state \$14,000 in three months of the study through quicker permanent placements, said project director Pam Montgomery.

Review boards also save Alaska money by fulfilling federal requirements for a 180-day review for every case entering the system, Collins said. The state loses federal funding if those reviews are not performed.

Alaska lost \$167,000 last fiscal year because only Ketchikan had completed the necessary reviews, said Dio Adams, coordinator of that project.

Hours of work by the volunteer board to update cases and complete federal paperwork on case plans also saves the state hours of paid staff time, Collins said. The work now is done by social workers.

However, Master of Children's Court Bill Hitchcock said the administrative reviews done by the Department of Family and Youth Services "are not very meaningful."

"The system is very closed, institutionalized. The external review exposes it to the light of day. This brings in a body of volunteer citizens who are able to speak with an untainted voice.

"It is potentially a very powerful base for support of children's issues," said Hitchcock, who is on the board of the National Association of Foster Care Review Boards.

Hitchcock said the citizens review board helps to assure the public that someone is providing the needed treatment to families.

"There has been an incredible increase in child abuse reports and those children enter the foster care system. We are not successful in getting them out of the system," he said.

"This reduces the cost of providing care to the children. The savings more than pays for the program. And more importantly it improves the quality of care for these children," Collins said.

Not only is the review board responsible for reviewing individual cases, it also must find common problems in the system, such as service gaps and the failure of the courts to conduct requisite reviews, Hitchcock said.

Russ Webb, director of the Division of Family and Youth Services, said he favors the support review boards can give to his administrators, but he said internal reviews are just as effective as those done by outside boards.

The all-volunteer review board, with a paid executive director and seven paid support staff members, was created to oversee each child's case to determine that the case plan originally filed remains appropriate.

The case plan is a document stating the goal for the child, whether it is adoption or reunification with the family, and details the process by which that goal can be accomplished.

The boards act to ensure steps are being taken to permanently place a child.

ADN 2-18-91

# Funding cuts infect Alaska's foster-care system

By PATRICIA SOLOVEICHIK

TIMES WRITER

Insufficient funding for family intervention services and child welfare has created a foster-care system that often does children more harm than good, Alaska's foster parents say.

Federal law requires social agencies to do whatever is possible to keep children in their homes while parents get necessary treatment, but services for Alaska families are either non-existent or overcrowded, said foster parent Marsha Bukowski.

Due to a lack of programs to help families learn about parenting and child abuse prevention or how to obtain court-ordered treatment for substance abuse, children often end up in foster care, said Rusa Webb, director of the Division of Family and Youth Services.

And Frank Wasmer, president of the Alaska Foster Parent's Association, said foster parents are in short supply because many become frustrated with a child welfare system that does not respond to their needs or the child's needs.

"There is no job satisfaction if everybody's whaling on you all the time for not doing what they want. But you can't do what they want without training," Wasmer said.

Such training has been provided through the 3-year-old

Alaska Foster Parent Training Center in Fairbanks. But the center's future has been jeopardized by Gov. Walter J. Hickel's proposal to cut \$200,000 from the center's \$500,000 budget, assistant director Jeanne Gonzales said.

"If every foster parent turned out for the required 15 hours of training, we wouldn't have been able to handle it under our old budget," she said. "I don't know what we're going to do now."

Foster parents have children in their home about whom they know very little and often have no training in how to handle the behaviors of traumatized children, Wasmer said.

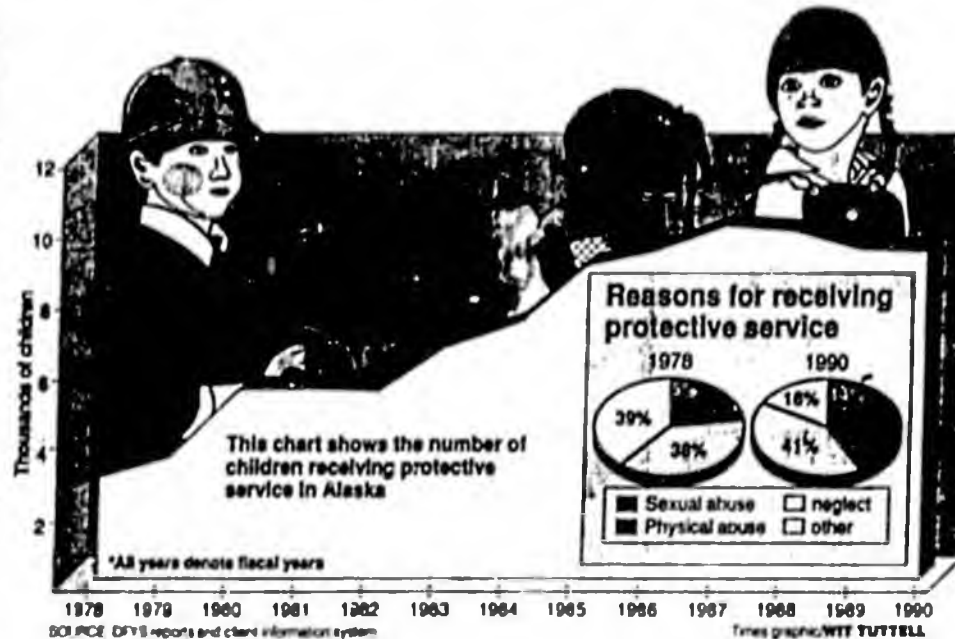
And foster parents cannot fall back on social workers because of the workers' caseload.

Webb, in a letter to Thelma Langdon, president of the child advocacy group, Action for Alaska's Children, said social workers' loads are consistently 50 percent higher than state standards.

Another 45 social work staff members are required to meet minimum standards for serving families, Webb said in the letter.

"Understaffing continues to be the most critical issue for us. There is not enough time to spend with parents to help them meet the goals toward reunification (of the family and child)," he said.

Alaska is fourth in the nation for reported child abuse — 60



percent greater than the national average. One in 19 children, triple the 1978 rate, requires state services for protection, according to a Division of Family and Youth Services report titled "Into the '90s."

The number of children receiving protection because of sexual abuse has increased eight times during the same period, said the report.

Proposed budget cuts would hit the state's child abuse pre-

vention projects hard, increasing the likelihood that more children will be placed in the overburdened child welfare system, foster parents say.

A report released by KID-PAC, a child advocacy group, said "the most shocking reductions in (the governor's) budget proposal will affect the child abuse programs."

"After closing the Office of Prevention and moving the grant funds back to the prevention line,

this line item was then reduced \$1.6 million, a cut of 66 percent."

A proposed cut of \$985,300 eliminates child protection day-care and homemaker programs that have allowed children at risk to remain at home while they and their parents receive state services, the report said.

In another state report, "The State of the Alaskan Child," statistics showed 2,077 children were placed in foster care for some period during fiscal year

1990. But the number of children in care at any one time fluctuates from 800 to 1,300, Webb said.

In contrast, the state has registered about 1,100 foster homes, although the actual number of those homes taking in children at any one time also fluctuates.

The equation is further complicated because children need to be placed in the same area of the state, preferably near family and schools.

"What you need for good placement is a much larger pool of foster parents" from which to choose, Webb said.

Foster parents say state recruitment efforts will fail in the long run if the budget does not provide training, increased social services and more competent social workers. They also would like to see citizen involvement and public oversight.

Legislation last year created a volunteer foster care review board that would have saved the state an impressive amount of money annually, Wasmer said. The board is designed to get children out of foster care more quickly and into permanent homes.

But Hickel killed the board's \$800,000 start-up appropriation.

Calls to the governor's office were referred to Health and Human Services Commissioner Ted Mala, who did not return telephone calls.

Memorandum

TO: Gene  
FROM: Annie  
RE: Fox statement on longevity bonus

Gruenberg asked Fox if it was the Commissioner or the Governor who had made the decision to cut this part of the budget, and he responded that it had been the Commissioner.

Gruenberg then asked why he had chosen to cut this part of the department. Fox replied that he had looked at the department as a whole and felt it necessary to cut the overall budget. The Commissioner further felt that senior programs should not be any more exempt than any other programs. Gruenberg asked why those who had lived in the state longer than others should not be more exempt. Fox replied that since there was now only a one-year residency requirement; these people had not really been here longer than anyone else. Further, it is not a needs-based program. On the contrary, the pioneer homes which are needs-based are slated for an increase.

Gruenberg requested Fox to ask the Comm. to give the legislature an alternative to a cut in the longevity bonus program.

# DIVISION OF LEGAL SERVICES

## LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

P.O. Box Y, Juneau, Alaska 99811  
(907) 465-3867 or 465-2450  
FAX (907) 465-2029

Deliveries to: 240 Main Street  
Court Plaza, Room 500  
Mail Stop 3101

### MEMORANDUM

April 19, 1991

**SUBJECT:** Gubernatorial delegation of regulatory review power to the lieutenant governor (Work Order No. 7-LS1225)

**TO:** Senator Arliss Sturgulewski

**FROM:** Theresa L. Bannister *TB*  
Legislative Counsel

You have asked whether the governor can delegate to the lieutenant governor the power to review regulations<sup>1/</sup> as he has done in his April 1, 1991 memo.<sup>2/</sup>

**SHORT ANSWER.** In my opinion the governor cannot delegate the power to review regulations to the lieutenant governor as he has done in his April 1, 1991 memo, unless he uses an executive order.

**DISCUSSION.** This delegation inserts additional steps into the regulation adoption process. At the present time, proposed regulations that have gone through the basic procedures for adoption are sent to the Department of Law ("department") for final legal approval before being submitted to the lieutenant governor for filing under AS 44.62.040. AS 44.62.060. The filing of the lieutenant governor is basically a technical act.<sup>3/</sup>

However, under the delegation the agencies must submit the regulations they have adopted to the lieutenant governor for his review before sending them to the department for its final review. The lieutenant governor then transmits the regulations to the department. Under the delegation, the approval of the lieutenant governor must be obtained before the department issues its final legal approval.

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<sup>1/</sup>In this memo a reference to "regulations" includes orders of repeal.

<sup>2/</sup> The scope of the delegation can be more completely understood by reviewing the April 11, 1991, Department of Law memo on this subject.

<sup>3/</sup>The statutes do not give the lieutenant governor any review power over the regulations that are submitted to him.

Under art. III, sec. 23, of the state constitution the governor is authorized to make changes in the organization of the executive branch or in the assignment of functions among its units that he considers necessary for efficient administration.<sup>4/</sup> However, if the change requires the force of law, he must use an executive order.

At first glance, the extra steps could be characterized as merely an internal reassignment of executive branch regulation review functions inherent in the regulatory process, a reassignment that does not require more than the memo that was used.

However, the delegation actually conflicts with the statutes governing the adoption of regulations, and the delegation appears to significantly alter the present statutory plan for adopting regulations by adding these particular steps.

The delegation conflicts with AS 44.62.250, which establishes the procedures for adopting emergency regulations. Under that section, the adopting agency is directed to immediately submit a copy of an emergency regulation to the lieutenant governor for filing. Under the delegation, adopted regulations are required to be submitted to the lieutenant governor for his review, not for filing by him.

The delegation also contradicts the responsibilities given to the Department of Law under AS 44.62.125. The lieutenant governor essentially controls when the regulations are transmitted to the department. He also controls whether or not the department can perform its final review of the regulations. Because the lieutenant governor controls when and if the department reviews regulations, it contradicts the affirmative requirement in AS 44.62.125 that the department review regulations.

The scope of the lieutenant governor's review both enlarges and conflicts with the statutory plan. Under the delegation, the lieutenant governor is to review the regulations for such items as being positive, not negative, and for a "can-do" attitude. These criteria are not usually required for the adoption of regulations. If the lieutenant governor bases his disapproval on these items, the disapproval may be

---

<sup>4/</sup> This section reads as follows:

Section 23. Reorganization. The governor may make changes in the organization of the executive branch or in the assignment of functions among its units which he considers necessary for efficient administration. Where these changes require the force of law, they shall be set forth in executive orders. The legislature shall have sixty days of a regular session, or a full session if of shorter duration, to disapprove these executive orders. Unless disapproved by resolution concurred in by a majority of the members in joint session, these orders become effective at a date thereafter to be designated by the governor.

Senator Arliss Sturgulewski

April 19, 1991

Page 3

considered to conflict with the present statutory plan because it imposes new requirements on regulations beyond those already required.

During the review, the lieutenant governor also must consider whether "public input" has been taken into account in the final adopted version of the regulations. The present statutory plan addresses public review by establishing certain notice and hearing requirements (e.g. AS 44.62.190 and 44.62.210). Once these are satisfied under the present statutory plan, the regulation should be considered to have satisfied any "public input" requirements. Disapproval based on this point may conflict with the statutory plan because it requires more than is required by the statutory plan governing the adoption of regulations.

The timing and potential of the review appear to be significant. Under the present statutory process, by the time the regulation is ready for the final Department of Law approval, the regulation has gone through all of the requirements for the regulation under the statutory system, except for the final department review and submission to the lieutenant governor for technical filing. At that point the regulations have essentially been "adopted" by the agency, but have not become "effective". The addition of the lieutenant governor's general review with the potential for disapproving the regulation at that point appears to alter the established statutory plan for adopting regulations.

Because of these conflicts and alterations force of law is required to make these changes and the governor must use an executive order. Since the adoption of regulations is basically a legislative function delegated to the executive branch, a court is more likely (than when examining traditional executive functions) to hold that the governor cannot make these changes without an executive order. The delegation from the legislature would be more narrowly construed, and the court could more easily find that the changes require the force of law.

In conclusion, although the outcome of a court review cannot be predicted in this situation, it is my opinion that the governor cannot delegate the power to review regulations to the lieutenant governor as he has done in his April 1, 1991 memo, unless he uses an executive order.

If I may be of further assistance, please advise.

TLB:pl

91-279.plm

# MEMORANDUM

State of Alaska

Department of Law

TO All Civil Attorneys  
Juneau, Anchorage, Fairbanks;  
and Chief Prosecutor's Office

DATE April 11, 1991

FILE NO:

TEL NO:

465-3600

SUBJECT

New procedure for  
adoption of regulations

FROM

  
Jeffrey W. Bush  
Assistant Attorney General  
and Regulations Attorney

RECEIVED

APR 12 1991

Effective immediately, there is a new procedure for the adoption, amendment or repeal of administrative regulations, to provide for the review and approval of all regulations projects by the Lieutenant Governor's Office prior to their taking effect. Sara Fisher, an assistant to Mr. Coghill, will be in charge of reviewing all regulations for the Lieutenant Governor. Governor Hickel has directed Mr. Coghill to review all proposed regulations to ensure that they meet the following requirements:

1. Are the regulations procedural. Policy belongs in statutes not regulations.
- \* 2. Are they positive not negative. A "can-do" attitude.
3. Are they readable. Regulations should be clear, concise and drafted in lay language so people can understand them.
4. Was the public input taken into account in the final adopted version of the regulations.
5. Was the legislative intent followed through to the regulatory process.
- \* 6. Are they necessary. Can government operate just as well without them.
7. Are they consistent with statutes and other regulations.

Memorandum from Governor Hickel to all commissioners, dated April 1, 1991.

To implement the Governor's directive, the following procedure will be used:

1. At the time a regulations project is first opened in our office, a copy of the file opening memorandum will be sent to the Lieutenant Governor's Office, and they will maintain a separate file on each project.

2. Final regulations packages, including public notices and adoption orders, should be sent by the adopting agency directly to the Lieutenant Governor's Office. That office will then make a copy of each package before forwarding the original documents on to us. If you receive a final package directly from an agency, please immediately send it to me; I will then deliver it to the Lieutenant Governor's Office, they will copy it and send it back, and I will then get it back to you.

3. When the final package comes to the Lieutenant Governor's Office, they will begin their review, in conjunction with our legal review. Sara Fisher will contact the assigned attorney and work closely with the attorney in their review. If at any time the Lieutenant Governor's Office determines that a particular regulation or set of regulations should not be adopted, Sara will immediately contact the assigned attorney so that he or she can stop working on the file. Please feel free to contact Sara at any time with questions or comments.

4. Before any regulations project is forwarded to me for final technical review and filing with the Lieutenant Governor, the assigned attorney must get approval for the project from the Lieutenant Governor's Office. The cover memo to me forwarding the file must clearly state that the project has been approved for adoption by Sara Fisher. Absent this statement, the file will be immediately returned to the assigned attorney.

Please contact me if you have any questions.

JWB:cl

cc: Lt. Gov. John B. (Jack) Coghill



JOHN B. COGHILL  
LIEUTENANT GOVERNOR

STATE OF ALASKA  
P. O. BOX AA  
JUNEAU 99801-0111  
(907) 455-3820

MEMORANDUM

TO: All Commissioners  
FROM: John B. Coghill  
Lieutenant Governor  
DATE: April 11, 1991  
SUBJECT: Procedure after adopting regulations

\*\*\*\*\*  
Since the Governor has given his directive to have all agencies submit adopted regulations to my office, I would like to inform you how this will happen.

When adopted regulations are received by my office, we will set up a control file. A copy the regulation project will be kept in my office and the original project will be sent to the Department of Law for legal review. After we receive the project we will notify you of the date it was transmitted to Law. The Department of Law will carry out their normal legal review, while my office will conduct the review as outlined in Governor Hickel's directive (see attached).

The Department of Law has advised me that adopted regulations were sent to them either by mail or courier. I would like to request a department courier deliver all regulation projects to my office. The courier should hand the project directly to Sara Fisher, my special assistant in charge of the regulatory review. If Sara is not available the project should be left with Dennis Burns, the Administrative Code Coordinator. This will ensure the regulation project was properly received by my office.

Your cooperation to start implementing these changes by Monday April 15, 1991 is appreciated. Please contact Sara Fisher if you have any questions.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

MEMORANDUM

TO: All Commissioners  
FROM: Walter J. Hickel *Walter J. Hickel*  
Governor  
DATE: April 1, 1991  
SUBJECT: Procedure after adopting regulations

\*\*\*\*\*  
Currently, after your agencies adopt regulations, the regulations are sent to the Department of Law for a legal review. I would now like adopted regulations to be submitted to the Lieutenant Governor, who will submit the regulation project to the Department of Law for the legal review.

A control file will be set up in the Lieutenant Governor's office and during the time that the Department of Law is preparing their opinion, the Lieutenant Governor will be reviewing the regulations to make sure they meet the following requirements that our administration wishes to implement:

1. Are the regulations procedural. Policy belongs in statutes not regulations.
2. Are they positive not negative. A "can-do" attitude.
3. Are they readable. Regulations should be clear, concise and drafted in lay language so people can understand them.
4. Was the public input taken into account in the final adopted version of the regulations.
5. Was the legislative intent followed through to the regulatory process.
6. Are they necessary. Can government operate just as well without them.
7. Are they consistent with statutes and other regulations.

This change in procedure will allow us to carry out our agenda to be a responsive Administration and to implement our regulatory review program.

Please consider this procedural change effective immediately.

# Coghill receives new regulatory powers

THE ASSOCIATED PRESS

**ANCHORAGE** — Gov. Walter J. Hickel has given Lt. Gov. Jack Coghill sweeping new powers to block proposed state regulations or order them rewritten.

Lawmakers said the action probably is unconstitutional and will allow special interests to influence Coghill to block laws written by the Legislature.

But Hickel wrote: "This change will allow us to carry out our agenda to be a responsive administration and to implement our regulatory review program."

Hickel made the move unannounced in an April 1 memo sent to his cabinet officers, according to his press secretary, Eric Rehmann.

The memo laid out rules requiring regulations to be positive and to exhibit a "can-do attitude."

It elevates Coghill over commis-

sioners, who previously oversaw regulation-writing.

A regulatory review team will be formed in Coghill's office, Rehmann said.

"I guess Coghill's a regulatory czar now," said Rep. Cliff Davidson, D-Kodiak. "I think the special interests gain and the public process loses."

Coghill will be able to reject or revamp state regulations dealing with oil and gas taxes and royalties, environmental safeguards, and fish and game management, said Davidson, co-chair of the House Resources Committee.

"Only the commissioner of an agency has statutory authority to implement regulations, not the lieutenant governor," said Rep. Fran Ulmer, a Juneau Democrat and attorney. "There isn't a lieutenant gover-

Please turn to Coghill Page 8

## Coghill...

Continued from Page 1

nor in the Lower 48 who has this kind of power."

But Hickel maintains he holds executive authority to designate the final arbiter of state regulations, Rehmann said.

"Jack's a statewide elected official and the governor sees this as adding greater democracy to the process," Rehmann said.

Coghill made expansion of the lieutenant governor's power a key plank in his 1990 election campaign.

Some regulations have been mired in the review process for up to three years by commissioners who delegate rule-writing to underlings, Coghill said. Industry and interest groups frequently complain about regulations that unfairly implement new laws, he said.

"It's kind of crazy that you have middle management bureaucracy dictating regulations," Coghill said. "That's why it's important the lieutenant governor be the conscience of the regulatory process."

Coghill said he already has rejected rules written by the Department of Transportation and Public Facilities that would have further restricted travel of long double-trailer

trucks on the Kenai Peninsula. Transportation Commissioner Frank Turpin said the rule would have limited travel of the 110-foot-long trucks to between 7 p.m. and 7 a.m. on weekdays on the Sterling and Seward Highways.

Although the trailer trucks occasionally slow traffic, they did not prompt widespread criticism from Kenai Peninsula legislators and residents, confirming Coghill's action, Turpin said.

"He was right," Turpin said. "We just didn't get a lot of support for the tighter regulations."

Administration sources said Coghill gained his newfound authority after a showdown with Hickel's chief of staff, Max Hodel, in a meeting with Hickel.

Hodel reportedly defended commissioners' rule-writing authority. He could not be reached for comment. Coghill declined to comment but made it clear he now holds the power.

"That's the signature of the governor," Coghill said pointing to the April 1 Hickel memo. "I'll let you be the judge of that."

A regulation is a rule or order springing from one of 15 executive agencies in state government. Regulations are adopted under authority

of statutes, or laws, passed by the Legislature.

Commissioners typically write or oversee the rule-writing process. The rules are then sent to the Department of Law for technical review and then to the lieutenant governor for signature, typically a formality.

The Administrative Procedures Act, which lays out the rules for regulation writing, makes no express provision for the lieutenant governor to assume the authority, said Tam Cook, an attorney for the Legislature.

However, it appears the governor may shift responsibility within the executive branch from the Department of Law to the governor by executive order, which is subject to legislative approval, she said.

Attorney General Charles Cole did not return several phone calls for comment on Hickel's action. Legislators said there has been no executive order from Hickel shifting rule-making responsibility.

In 1989, an attorney general's opinion described the lieutenant governor's regulatory role as largely ceremonial and confined to rule-signing. Then-Lt. Gov. Stephen McAlpine blocked regulations restricting a lottery organization by refusing to sign the rules.

# Czar

Continued from page A1

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But Hickel maintains he holds executive authority to designate the final arbiter of state regulations, Rehmann said.

"The governor has full authority to delegate to Jack the oversight on this," Rehmann said. "Jack's a statewide elected official and the governor sees this as adding greater democracy to the process."

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**'I guess Coghill's a regulatory czar now. I think the special interests gain and the public process loses.'**

— Rep. Cliff Davidson,  
D-Kodiak

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# Coghill wins regulatory 'czar' powers

## Hickel decision fires up lawmakers

By DAVE PATRICK

TIMES CAPITAL BUREAU

JUNEAU — Gov. Walter J. Hickel has given Lt. Gov. Jack Coghill sweeping new powers to block proposed state regulations or order them rewritten, Eric Rehmann, Hickel's press secretary, confirmed Friday.

Hickel's action elevates Coghill over commissioners who previously oversaw regulation-writing and occurred unannounced in an April 1 memo signed by the governor and sent to his Cabinet officers.

"This change will allow us to carry out our agenda to be a responsive administration and to implement our regulatory review program," Hickel wrote. The memo laid out rules requiring regulations to be positive and to exhibit a "can-do attitude."

A regulatory review team will be formed in Coghill's office,

■ Gov. Hickel opposes state funding of abortions A14

Rehmann said.

Lawmakers said the action is likely unconstitutional and will allow special interests to influence Coghill to blunt laws written by the Legislature.

"I guess Coghill's a regulatory czar now," said Rep. Cliff Davidson,

D-Kodiak. "I Coghill

think the special interests gain and the public process loses."

Coghill will now be able to reject or revamp an array of state regulations that deal with oil and gas taxes and royalties, environmental safeguards, and fish and

See Czar, back page



Times 4-13-91

MAR 1 1 1991

FVJ  
Box 407  
Douglas, Alaska 99824

February 27, 1990

Mr. Millet Keller, Commissioner  
Department of Administration  
P.O. Box C  
Juneau, Alaska 99811

Dear Commissioner Keller:

I read with interest your comments regarding the "State's generous leave policy" as reported in the February 22 edition of the Juneau Empire.

You may be interested to learn that, in spite of your implication that state employees can accrue an unlimited amount of leave, the fact is that the large majority of state employees already have a 60-day cap on accrued annual leave. For them, sick leave is not compensated in any way other than in time off when they are sick or injured.

For the supervisory bargaining unit, a relatively small part of the state employment force, it is true that there is no specific limit on accrued leave. For employees in this unit, a few years ago sick leave and annual leave were combined into a "personal leave" with 100 percent of the annual leave and 40 percent of the accrued sick leave included. The remaining 60 percent of their sick leave was lost. Many of these employees had, through dedication or luck, accumulated a modest amount of sick leave, and the conversion represented a considerable loss. It seems to me that the taxpayers of Alaska got a pretty good deal.

The relatively large number of employees with inflated incomes last year resulting from leave cash-in was an aberration, caused by the increase in retirements brought about by the retirement incentive program. These were long-time employees, who, through dedication and hard work, had foregone much of their annual leave over the years, and had accumulated enough leave so that when it was cashed in, it constituted a bit of a nest egg for their retirement years.

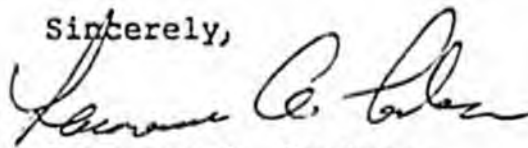
These were employees who had weathered the political storms, and endured the vagaries and attacks of hostile administrations and ignorant political appointees, to give the citizens of Alaska the full measure of their abilities and their efforts.

These were employees who worked long hours of overtime without pay and without complaint, sacrificing large amounts of their free time, to get the job done.

Now, you, working with either an abysmal lack of pertinent correct information, or a shameful bias, propose to strip from these types of employees their rightful earnings; their retirement "bonus". You seem to view the functions of state government only in terms of expenses, ignoring or forgetting that we all really do provide important services and products to the people of Alaska, and that benefits to the people may be gained from some employees deferring or cashing in their leave. You seem to think that there is something fundamentally wrong when some employee makes more money than the governor, apparently not realizing that such a situation is irrelevant. There is not room herein to discuss the concepts of appropriate value for labor. Suffice it to say that there never seems to be a dearth of candidates for governor, while a number of positions in the classified service go begging for qualified applicants.

I believe that your proposal to "use it, lose it, or donate it" is ill-advised and frankly just a plain old bad idea. I ask you to reconsider.

Sincerely,



Lawrence A. Carlson

cc: Senator Jim Duncan  
Representative Fran Ulmer  
Representative Bill Hudson  
Senator Dick Eliason, President of the Senate  
Representative Ben Grussendorf, Speaker of the House  
ASEA  
APEA

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE KUDINA

NAME: JOHN KRISTOPEIT  
TITLE:  
ADDRESS: 2992 GOLDHILL RD.  
CITY: FAIRBANKS ZIP: 99709  
PHONE: 479-4880

BILL NO:  
SUBJECT: COMMISSIONER KELLER'S MEMO TO SUPERVISORS  
MESSAGE: COMMISSIONERS KELLER RECENTLY REPORTED CRITERIA FOR EMPLOYEE  
EVALUATION IS NOT ONLY A INSULT AND EMBARRASSMENT TO ALL ALASKANS, BUT ANYONE  
SHARING THESE VIEWS IS UNWORTHY & UNQUALIFIED TO HOLD ANY PUBLIC OFFICE HIGHER  
THAN AD DOG CATCHER. THANK YOU. EOM

FOMID: 07000630  
DATE: 91/04/11  
TIME: 08:06:30  
LOCATION: FAIRBANKS LIO

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FINKELSTEIN	FOSTER	FISCHER
GOZALES	GRUENBERG	FRANK
GRUSSEIDORF	HANLEY	HALFORD
HUDSON	IVAN	HOFFMAN
JACKO	KOPCHEN	JONES
LARSON	LEMAN	KERTTULA
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MOYER	NAVARRE	RODEY
PARNELL	G.PHILLIPS	SHULTZ
R.PHILLIPS	SHARP	STUPGULEWSKI
TAYLOR	ULMER	UEHLING
ZAWACKI		ZHAROFF

DATE: SATURDAY April 23, 1988  
PAGE: C11  
SECTION: Local/Metro

EDITION: FINAL  
LENGTH: Long

COMPLIMENTS OF THE  
ALASKA STATE LIBRARY

LETTERS FROM THE PEOPLE

\*Keller\*column "shortsighted"

I have seen spite and jealousy destroy hardfoughtfor achievements, but I have never before seen a selfappointed expert go after an issue with such unmitigated bile as \*Millett\*Keller.\*

Regardless of how overpaid Mr. \*Keller\*may believe them to be, the wages of IBEW's ATU members have served as the basis for mortgages, loans, and car payments which now will be difficult financial commitments to make. AFU's rates are the lowest in the nation because ATU has unreasonably failed to seek a rate increase in 12 years! \*Millett\*Keller\*obviously counsels the same irresponsible approach.

It is not the goal of IBEW to "gouge" the ATU ratepayer. Neither is it IBEW's intention to permit the municipality or Mr. \*Keller\*to scapegoat our hardworking members. The agreement which Mr. \*Keller\*so enthusiastically attacks was signed and ratified because it was the only way to keep our

RANK 7 OF 11. PAGE 2 OF 9. DB AD8. DOCUMENT 5542  
members employed while at the same time secure the administration's commitment to work toward better, longterm solutions. Certainly the \$3.9 million the IBEW gave up in concessions is far from insignificant.

Mr. \*Keller's\*apparent preference for simplistic solutions in the form of a mass layoff at ATU is shortsighted. I for one applaud the efforts both of the municipality and IBEW's members in reaching this agreement.

Gary Brooks

Symptoms of "dopey politics"

When a person becomes a chronic user of dopey politics, the following complications and symptoms appear: time distortion manifested by stopping the clock and continuing business as though time ain't there; lack of motivation manifested by taking 120 days to do a job that should take 60; unrealistic selfperception speak for itself; and auditory anesthesia occurs so as to prevent one from hearing the music.

Chapel, said home administrator Julia Smith. The work, which was completed a few months ago.

Chignik fishermen OK tax

CHIGNIK Chignik fishermen have passed a 2 percent tax to fund projects to enhance salmon runs in the area. The Chignik Regional Aquaculture Association approved the measure by 55 to 17. The association said it plans to start levying the taxes during the 1991 fishing season. The revenues raised by the tax will be controlled by the fishermen. Bristol Bay fishermen rejected a similar enhancement levy last year. Daily News wire reports

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RANK 3 OF 11. PAGE 1 OF 2. DB AD1. DOCUMENT 1593  
ANCHORAGE DAILY NEWS

DATE: TUESDAY January 29, 1991  
PAGE: B2  
SECTION: Metro  
SOURCE: The Associated Press  
DATELINE: JUNEAU

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PROPOSED BONUS CUT TO TAKE 4 YEARS

The Hickel administration's proposed 5 percent cut in the \$250 longevity bonus paid monthly to elderly Alaskans would take effect over each of the next four years, reducing the checks to \$200 by 1995.

"That's the plan we're going forward with," Administration Commissioner Millett Keller told the Older Alaskans Commission on Monday.

Keller also said the administration is considering filing liens against property owned by residents of the state's Pioneers' Homes to collect unpaid bills after they die.

In his state-of-the-budget speech Thursday, Gov. Walter Hickel proposed cutting the longevity bonus by 5 percent, or \$12.50 a month, but did not say he wanted to impose the cut annually over the next four years.

He also suggested raising the minimum eligibility age from 65 to 67.

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In an interview, Keller said he wanted to end the longevity bonus program and use the \$60 million a year saved to help the needy elderly, but Hickel rejected the idea.

The longevity bonus is not the best way to help the elderly in need, Keller said.

The state has the authority to collect unpaid rent and fees from Pioneers' Home residents, but it has not pursued such debts vigorously. Keller said the state should look at filing liens "so that people who have the ability to pay are given the opportunity."

Keller said he was unsure when the state might begin using liens, and noted that public hearings would be held before any change is made.

State law allows the state to charge Pioneers' Home residents the full cost of their care, and "provides in very cold, calculating language" that liens may be applied to residents' property.

Residents pay from \$525 to \$800 a month depending on the type of care they receive at the Pioneers' Homes. Each resident costs the state from \$2,000 to \$6,000 a month, however.

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RANK 4 OF 11. PAGE 1 OF 4. DB AD1. DOCUMENT 1563  
ANCHORAGE DAILY NEWS

DATE: FRID/Y April 5, 1991  
PAGE: C2  
SECTION: Metro  
SOURCE: By MATT KOHLMAN  
The Associated Press  
DATELINE: JUNEAU

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LENGTH: Medium

### LONGEVITY AGE LIMIT PROPOSAL CRITICIZED

Legislators and Gov. Wally Hickel's chief of staff criticized Administration Commissioner Millett Keller Thursday for his proposal to raise the minimum eligibility age for the longevity bonus to 75.

Keller made the proposal to the Senate State Affairs Committee earlier this week as a way to reduce the rising cost of the monthly \$250 payments to Alaskans over 65.

"He really was just throwing something out, saying, 'Look, legislators, we have to look at doing something with the longevity bonus,'" Deputy Commissioner Roberley Waldron said.

Keller suggested the idea during a hearing on Hickel's bill to raise the qualifying age to 67 and reduce the payment from \$250 to \$237.50 a month. No

RANK 1 OF 11. PAGE 2 OF 3. DB AD1, DOCUMENT 96028  
action was taken on the bill and legislators immediately dismissed the new proposal, which would keep payments at \$250.

"It was mentioned, but certainly there was no enthusiasm by members of the committee," said Sen. Pat Rodey, D-Anchorage and committee chairman.

"I don't quite understand the logic of that if one of our attempts with the bonus is trying to encourage the seniors to stay in the state once they retire," Sen. Pat Pourchot, D-Anchorage, said.

Max Hodel, Hickel's chief of staff, said the governor also does not support raising the age limit to 75.

"Apparently Commissioner Keller doesn't understand the governor's position," Hodel said in a written statement Thursday. "As a matter of fact, in a recent letter to seniors, the governor said he would support full funding of the longevity bonus if that is what the seniors request."

Spokesmen for the elderly say that is precisely what seniors want.

Bill Ray, lobbyist for the 8,000-member Pioneers of Alaska, said the administration should quit trying to tinker with the program.

"Seniors like the program just the way it is," Ray said.

The longevity bonus program was started in 1972 to reward seniors who had lived in Alaska since statehood. That year the state paid \$100 monthly checks to seniors who had lived in the state for 30 years at a cost of \$346,100, Waldron said.

The residency requirement since has dropped to one year, and the payments

RANK 1 OF 11. PAGE 3 OF 3. DB AD1, DOCUMENT 96028  
have been raised to \$250 a month. Full funding for next year will run more than \$63 million.

The payments are provided regardless of need.

Keller's proposal would save the state \$20 million over the next nine years.

"We're acutely aware that something needs to be done," Waldron said. "We certainly don't want to do any harm to our elders, but the state cannot afford the longevity bonus as it now exists."

But lawmakers are reluctant to cut a program that affects a large bloc of voters. Legislative leaders have predicted Hickel's legislation will not be adopted.

END OF DOCUMENT.

DATE: SUNDAY December 18, 1988  
PAGE: E3  
SECTION: Forum  
SOURCE: by \*MILLETT\*KELLER\*

EDITION: FINAL  
LENGTH: Medium

ANCHORAGE ASSEMBLY GAVE AWAY THE FARM TO UNIONS

The municipal labor ordinance which has provoked a confrontation between the mayor and assembly is the most significant public policy issue facing our community. The issues go far beyond a simple clarification of the rules of collective bargaining. They strike at the fundamental principles of constitutional government.

The key public policy issue involves a determination of who the government is supposed to serve. The conflict exists because union leaders believe the municipal government should serve them rather than the citizens of Anchorage. Standing up to this special interest pressure has proven too difficult for the assembly. They opted for appeasement when they fashioned the current municipal labor ordinance.

The conflicts can be highlighted by two policy questions: 1) Should labor disputes be resolved by binding arbitration rather than elected

RANK 23 OF 125, PAGE 2 OF 3, DB AD8, DOCUMENT 16399  
representatives? 2) Should negotiations be done in secret or in public?

The use of binding arbitration is a result of elected officials shirking their responsibility for labor contract agreements. The union leaders prefer that a third party, not subject to the democratic process of elections, should make decisions which bind the community to a level of service and taxation. Ironically, the issue of taxation without representation was one of the critical factors bringing about the American Revolution.

Our charter places strong emphasis on open governance. Extensive public hearings are required. Ironically, union negotiations, which are the basis for 7 percent of the municipal budget, are done in secret. Labor agreements are adopted by resolutions which do not require a public hearing. The public is thus betrayed by a process where most of the important decisions are made in secret and not subject to public review and scrutiny.

Our state constitution proclaims that "all political power is inherent in the people. All government originates with the people, is founded upon their will only, and is instituted solely for the good of the people as a whole."

The preamble of our municipal charter promises us a means "to secure maximum local control of local affairs." Clearly, these covenants reaffirm a belief that the power of the government is derived from the governed. We delegate to our elected representatives, through a democratic process, the power and responsibility to determine the services and costs of government.

The linkage between government services, taxation and representative

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government is clear and unmistakable. Binding arbitration repudiates this simple linkage and reverses the role of sovereignty. When the assembly allows an arbitrator or a union official to dictate what elected officials must do, ~~our assembly has betrayed the trust conferred on them by the citizens.~~

The current labor ordinance anoints all municipal unions with the power of binding arbitration. It also allows an oligarchical minority to rule the assembly.

Rather than requiring that the arbitrator's report be adopted by a majority vote, the arbitrator is able to dictate the settlement terms to the citizens unless seven assembly votes can be mastered to overturn the arbitrator's report.

Clearly, the assembly gave away the farm to the union interests on the issue of binding arbitration.

There still is time for the assembly to retrieve control of government from the union leaders. By simply requiring a majority vote to accept an arbitrator's report, they'll return control of governing to elected officials.  
credit: 18p

DATE: SUNDAY October 23, 1988  
PAGE: C3  
SECTION: Front Page  
SOURCE: by\*Millett\*Keller\*

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LENGTH: Medium

### SCHOOL BOARD BIDS TO MAINTAIN "INEFFICIENCIES"

Tuesday night the Anchorage Assembly will act on a school board request to add almost \$1 million to their budget in order to continue the inefficient utilization of schools. Although the board didn't frame their request on the basis of inefficiency, the facts clearly indicate the request is based on accepting current school utilization schemes.

Even though enrollment in the Anchorage School District has declined since last year, the assembly allowed the school district to add \$10 million to their spending plans when they approved the board budget in April.

The current district enrollment is almost identical to enrollment 13 years ago. During these 13 years, the district has added three new junior highs, four new elementary schools plus gymnasiums, multipurpose rooms and classroom additions to existing buildings. During this period, only one school, Woodland Park Elementary, was closed, in 1979.

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Clearly, school district utilization has grown far beyond needs, resulting in a substantial increase in inefficiency and cost. The consequences are vividly shown by the current enrollment at six elementary schools and three junior high school. The total enrollment at Romig, Central and Clark junior highs could easily be housed in two junior high schools. Clearly, the school board should be acting on which of the three junior high school should be closed.

Enrollment at Creekside, Denali, Fairview, Government Hill, Nunaka Valley and Russian Jack elementary have fallen far below their capacity. The students in these six schools could easily be housed in four schools.

The most significant problem in inefficient utilization is the quality of the program that can be maintained in those facilities. When the number of students in the building declines, the number of teachers in the building also declines.

High quality school programs are maintained by having a wide diversity of teaching skills and resources in order to provide all students with a creative, stimulating environment.

Unfortunately when enrollment declines, not only does the loss of teaching staff affect the program but the distribution of students among various grade levels begins to create disparities that require combining classes.

The solution to this dilemma, of course, is to reduce the number of schools and thus increase the number of teachers in the remaining schools. Not only is

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the quality of education in the schools improved, but the distribution of students in the building tends to even out making it possible for a much more efficient use of the teaching staff and physical resources. The relocated students are the beneficiaries of an improved educational program.

The school board is now proposing to add \$1 million to its budget to maintain the inefficiencies. The board is avoiding the real challenge of launching a planning process for orderly identification of which schools should be closed.

The assembly has an opportunity to send a clear signal to the board that it must address the issue of efficient use of our school facilities. The request for a \$1 million spending increase flies in the face of an assembly that is committed to making our local government more efficient and worthy of increased tax support.

\*Millett\*Keller\* is an Anchorage business and public affairs consultant.

END OF DOCUMENT.

DATE: SUNDAY September 25, 1988

PAGE: C3

SECTION: Local/Metro

SOURCE: by\*Millett\*Keller\*

EDITION: FINAL

LENGTH: Medium

## UNION BARGAINING NEED NOT BE SERENE

The recent override of the mayor's veto is a result of the paralytic effect of collective bargaining on our elected officials. It also illustrates a further tilt toward employee unions over the public interest.

The assembly seems to believe that collective bargaining should be modeled after community planning, where peace and harmony are the goal. Furthermore the mayor seems to be unable to formulate a clear collective bargaining policy aimed at an identifiable goal.

The sad fact is that public sector collective bargaining is not a harmonious process. It is a confrontational struggle filled with strident claims, deliberate disinformation and dangerous assaults on the constitutional principles of a limited government where the people, not the employees, are sovereign.

The veto override is naive wishful thinking by an assembly that believes it

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can improve the collective bargaining process by getting more involved in negotiations. The assembly's responsibility is to establish the acceptable range of outcomes, not engage in 11way mediation.

Under the charter, the mayor is charged with the responsibility to negotiate with the employee unions. The assembly has the final jurisdiction since all labor agreements must be approved by the assembly. Clearly, the assembly wants to expand its policymaking role to include policy execution.

No one should be surprised that negotiations disrupt the employees. That is one of the strategies of collective bargaining. If there is no disruption, there is no need for unions. What the assembly has failed to consider is that the union's adversary in collective bargaining is the public, not the mayor. The public has delegated the mayor to represent its interest in negotiations.

If a majority of assembly members believe they should have more executive branch responsibilities, they should propose a charter amendment rather than rewrite the labor relations ordinance. By changing from a twobranch government to an assemblymanager form, the assembly would have all of the executive responsibilities as well as the policymaking authority.

The assembly has created most of its problems by requiring that negotiations be conducted in secret. The assembly, the public, and the employees would all be better informed if future negotiations were conducted in public. None of the issues are so complex or emotional that they can't be presented in full view of the press and anyone else that wants to observe.

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Opening negotiations to the fresh air would obviously require a great deal of political courage. The unions will fiercely oppose giving up secrecy since they would lose their best weapon for creating confrontation without resolution.

Several states have enacted "'sunshine laws'" which require public sector collective bargaining to be done in public. They have found that negotiation issues are defined very quickly and the entire process shortened considerably.

The assembly has never voted down a labor agreement. This indicates that it ~~concurs with the negotiation activities of the mayor. If the assembly doesn't~~ agree, all it has to do is turn down one labor agreement that the mayor submits for its approval. If such an unlikely event ever occurred, you can bet that the mayor would get the assembly more deeply involved in the process. Failing that, the assembly should opt for more sunshine and less secrecy. \*Millett\*Keller\* is an Anchorage business and public affairs consultant.

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The School Budget Advisory Commission advocated a \$5.8 million cut in the budget, all of which would come from the tax-supported end.

"Millett"Keller," a former school board member and a member of an Anchorage Chamber of Commerce committee that reviewed the budget, said the district has not been sensitive to the need to control costs.

Since the early 1980s, "There has been an over twofold increase in local taxes at a time when enrollment is static," he said. That comparison suggests "a vivid lack of sensitivity on the part of the school district, and the school board in particular," he said.

"Keller"and the advisory commission argued that the budget actually calls for a \$500,000 increase in taxes for this tax year.

The city operates on a calendar year budget, but the school district's budget runs from July 1 to June 30. The tax savings the district forecasts

RANK 47 OF 125, PAGE 3 OF 3, DB AD8, DOCUMENT 5072  
won't be realized until 1989, and then only if state revenues remain solid and the district doesn't increase the tax burden next year, he said.  
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RANK 48 OF 125, PAGE 1 OF 3, DB AD8, DOCUMENT 4942  
ANCHORAGE DAILY NEWS

DATE: SUNDAY April 10, 1988

PAGE: H3

EDITION: FINAL

SECTION: Front Page

LENGTH: Medium

SOURCE: By "Millett"Keller\*

#### SCHOOL DISTRICT PAYS THE FREIGHT FOR UNION

There it is, on page 232 of the proposed Anchorage School District budget, a line item for \$1,355,000 for the Anchorage Teacher's Union. How the school district became the only dues-paying member of the union reveals an unbelievable failure in public policy.

Notwithstanding statements by the union and the school district that this isn't a significant matter, this is a profound public policy issue. Public sector collective bargaining must maintain a delicate balance between the interests of the employees and the interests of the public. Any attempt to significantly tilt the balance toward an employee union is a direct assault on the public's ultimate ability to control their government.

The balance is provided by requiring the union to earn the support and respect of its members. Should the union lose that support, as has happened with the state public employees union, the members, as the source of revenue

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for the union, have a strong position to influence their union leadership.

Last year, the school district gave in to the union demand for an agency shop, requiring that all employees pay union dues, even if they choose not to join the union. It was clearly aimed at increasing the power of the union by providing a large guaranteed source of income. The primary beneficiaries are the people employed by the union and the select few who have union steward positions in the schools.

The problem with agency shop is the only sanction available to the union to guarantee that all teachers pay union dues is requiring the school district to fire any teacher who won't pay. This incredible reversal of the tenure concept obviously puts the union in the difficult position of justifying why teachers should be fired in order to guarantee union security.

The union and the school district have found a clever way to avoid facing the agency shop agreement. By severing the financial linkage with its members, the union has successfully guaranteed its security. The unbelievable result is the school district has become the single dues-paying member of the Anchorage Education Association, and the teachers have lost financial control of their union.

Beyond the collective bargaining issue is the question of public oversight. Any time the municipal taxpayers provide the major source of funding to any organization, we expect our elected officials to exercise control.

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competitive bidding and equal employment opportunity guidelines? Will public funds be used for political purposes? Will audited financial statements be provided to the school board?

The oft-nused strategy of appealing to legislators for funds to "help the kids" or "improve the classroom," might now be turned against the union. Since the \$1.3 million line item in the budget is not going into the classroom, an argument could be made that the public might be better served by spending the money for special tutors for underperforming students.

Why should public funds, which should more appropriately be spent in the classroom, be used to feed a union that doesn't want to be accountable to its members? Next time the union tells us to put more money in the classroom, let's suggest they turn to page 232 of the school budget.

\*Millett\*Keller\* is an Anchorage business and public affairs consultant.  
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RANK 49 OF 125. PAGE 1 OF 3. DB AD8. DOCUMENT 4382  
ANCHORAGE DAILY NEWS

DATE: SUNDAY March 27, 1988

PAGE: F3

EDITION: FINAL

SECTION: Front Page

LENGTH: Medium

SOURCE: By\*Millett\*Keller\*

#### PUBLIC IS THE MAJOR LOSER IN LATEST IBEW/ATU LABOR AGREEMENT

Tuesday night, the assembly took the first step in doubling our telephone rates. By accepting the IBEW/ATU labor agreement placebo, the assembly opted to postpone the day of reckoning with the problems plaguing ATU. Only Assemblymen Larry Baker and Brad Bradley opposed the action.

The revised agreement is designed to maintain the organization structure at ATU until next January, when our telephone rates will be increased by 35 percent. A \$3.9 million cost deferral will be reinstated next January and the rate increase will be used to pay the bill. A pattern of planned stairstep rate increases will continue, so that by 1993, our telephone rates will be more than double the current level.

At the present time, ATU has at least 125 excess employees based on historical revenue patterns. The average employee cost is approximately \$70,000. The so-called concessions in the new labor agreement call for

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maintaining the current salary rates and fringe benefits. The cost reductions will occur by requiring each employee to take an extra threeweek vacation without pay. Since most ATU employees now enjoy 6 1/2 weeks of paid vacation each year, the concession will have the effect of requiring employees to spend as much as 9 1/2 weeks on vacation.

In order to give the employees the extra three weeks vacation without increasing costs, ATU is admitting that they have an excessive number of employees. Any normal organization that gave its employees a threeweek furlough would lose money because temporary employees would have to be hired to fill in.

The revised agreement also calls for no change in overtime policies. Currently, all overtime worked Monday through Friday is paid at doubletime rate. Since almost 20 percent of the ATU work force will be on vacation at any particular time, it is likely that additional overtime opportunities will be available. With doubletime rates at \$25.60 per hour, it won't take many overtime hours for some employees to recover the wages lost while they were on unpaid leave. Obviously, the added overtime will reduce the anticipated savings.

The agreement clearly is designed to render the municipality's management right inoperative. The agreement has a "poisonpill" provision that will cost ATU \$3.9 million if the union doesn't agree with any future layoff plan. The placebo becomes a "poisonpill" if ATU wants to exercise management authority

DATE: SUNDAY January 17, 1988

PAGE: G3

SECTION: Front Page

SOURCE: by \*millettkeller\*

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LENGTH: Medium

## LAW MAY IMPEDE ECONOMIC RECOVERY PLAN

Both Gov. Steve Cowper and Mayor Tom Fink plan to stimulate economic recovery through municipal capital spending. Most legislators seem to share their belief that municipal capital spending can be targeted to provide a much needed economic stimulus to the Anchorage economy.

What most people don't know is that existing state law may severely limit the competition for the construction contracts and channel the benefits to a select few.

By targeting and spending on maintenance and repair of existing facilities and roads, the municipal government can complete many of the maintenance projects that were deferred while we focused on feeding the boom.

One of the clear objectives of the plan is to identify a large number of modest projects and encourage small businesses to bid. The thinking is that by spreading the large number of projects around, the economic benefits would be

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greatly enhanced.

One of the advantages to the citizens is the current competitive market for construction services which will provide the opportunity for many projects to be accomplished at bargain rates. In order to ensure that the citizens get the maximum bang from recovery spending, it's therefore essential that a dynamic and competitive bid process be available which offers the opportunity for many contractors to bid.

Any process which restricts the competitive nature of bidding will not only increase the cost of the projects, but will also reduce the number of projects that can be accomplished, thus limiting the longterm benefits and the shortterm economic impact.

Unfortunately, a state law may turn the economic recovery plan into a special interest giveaway. Known as the "Little DavisBacon Act," the law requires that all municipal and school district projects funded with state grants pay "prevailing wages." The state Department of Labor determines the "prevailing wage" by using the current union scale that union contractors are paying.

This law effectively eliminates the bidding opportunity for a family business or any other small nonunion business. Conceived with the 19th century fear of worker exploitation, the law has become nothing short of a conspiracy among government, labor unions and large contractors to limit competition and boost government costs.

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The "LittleDavis Bacon Act" must be changed before our community will see the substantial and widespread benefits which the mayor's economic recovery plan envisions. Changing this law will require the governor, mayor and our legislators to take the union/contractor complex headon.

Clearly, the type of projects envisioned by the governor and mayor are targeted at local businesses. If the construction unions really believe in maximizing local hire, they should support the repeal of the "Little DavisBacon" restrictions on municipal construction grants.

The citizens of Anchorage have a great deal at stake in this issue. The opportunity to complete the great number of needed projects and maximize the economic impact on the community are a seldom seen opportunity.

Inflating the costs of these projects through anticompetition schemes will only serve to concentrate the benefits on a few privileged bidders and diminish the economic impact of the state grants.

\*Millettkeller\* is an Anchorage business and public affairs consultant.  
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DATE: SUNDAY December 20, 1987  
 PAGE: H3  
 SECTION: Front Page  
 SOURCE: by\*millett\*keller\*

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POLITICAL WILL COLLAPSES IN FACE OF ALASKA'S PUBLIC EMPLOYEES'  
 UNIONS

The current struggle for control of the state public employees' union is another example of the damage that has resulted from excessive union influence on state government. The damage affects public employees, who are trapped by the unseemly process, and sullies the constitutional principle of government of, by and for the people.

The power struggle would be amusing if it weren't so serious. Rather than facilitating the mediation of differences, the collective bargaining law, which was adopted in 1972, has prompted a union power play. The dynamics of collective bargaining are now focused on union turf warfare, rather than employment issues.

This exercise is betraying common sense and assaulting the constitutional safeguards the citizens are supposed to have to control a rogue government.

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The powers of government are supposed to be based on the consent of the governed, not the procedures of collective bargaining.

If state employees were being subjected to harsh treatment by their employers, the concerns would be quite different. Such is not the case. The few employees who are being victimized by low wages and difficult working conditions have only their union to blame. Union leaders have favored the bureaucratic elite at the expense of social workers and nurses. The inequities in pay scales that have resulted from collective bargaining are scandalous.

What is the alternative? First, our elected officials must recognize the magnitude of the problem and be willing to do something about it.

Public employees do not have a constitutional right to collective bargaining. The privilege is conferred only through law which means that the rights and ground rules of public sector collective bargaining can be changed by a majority vote of our elected representatives.

The political will to defy the aggressive public employees' unions does not exist. So far, the governor has been the only elected official with the political courage to oppose the union bosses.

A few of the union leaders seem to think that collective bargaining gives them preemptive rights over the citizens. While most public employees may abhor these union tactics, union leaders nevertheless seem oblivious to the constitutional principles involved.

The truculent statements of the union war parties should serve as a warning

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to the public and the employees. Being pawns in union leadership struggles is offensive to enlightened public employees and an outrage to the citizens of the state.

When the time comes to vote for a new union, the employees will also have the option of throwing off the union yoke by voting for "no union."

Since the legislature is too timid to deal with the issue of repealing the collective bargaining act, the employees may be the best hope the public has. Their willingness to opt out of union control will be directly related to their trust in the political leadership of our state and their respect for the public's interest.

Meanwhile, the rhetorical flourishes will continue, the embattled union bosses will dig in their heels and the rest of us will stand by bewildered by the fact that this all started because of the 40hour work week.

\*Millett\*Keller\* is an Anchorage business and public affairs consultant.

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## WANT TO STIMULATE THE ECONOMY? DOUBLE PERMANENT FUND DIVIDEND

One of the quickest and easiest methods to stimulate the economy during these hard times is to increase the size of the permanent fund dividend. It is also the quickest and easiest way for the public to regain control of its permanent fund earnings.

The reluctance of public policymakers to choose this option is based on a belief that the state's wealth should be used to endow a prosperous government which will, in turn, trickle economic benefits down to the public. Their paternalistic investment and spending policies are simply outrageous.

The enormous success of the permanent fund has resulted in an embarrassment of riches during a time of economic hardship. The incredible irony of this situation is shown by the magnitude of the numbers involved. While most of the state is reeling under unprecedented hard times, the Alaska Permanent Fund is literally rolling in dough, having earned over a billion dollars last year!

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The undesignated earnings, after dividends and inflation proofing, have soared above \$500 million again. As you recall, two years ago the legislature and governor plowed over \$1 billion of undesignated earnings back into the fund rather than putting them into the Alaska economy.

The permanent fund dividend program offers the best method to accomplish a positive reform in this greedy state public policy. It seems incredible that we continue to condone public policies that foster government affluence at the expense of out state's economy. The recently announced reduction in the size of this year's dividend is a vivid reminder that our elected officials don't want the public to decide on how to spend the earnings.

The permanent fund trustees have been successful in immunizing themselves from any responsibility for inflationproofing the fund. Rather than using the public's earnings as the source of inflationproofing, a more rational policy would be to give that responsibility to the permanent fund investment managers. They should have the responsibility of insuring that the value of their investments keep pace with inflation. In this regard, the record has been impeccable. They have routinely been winning the battle with inflation. Why do they want more?

The earnings of the fund are essentially immune from oil price fluctuations and thus will continue to gush regardless of what OPEC does. Although the idea of receiving unearned income from the government is not a comfortable prospect for many, it is far better than the alternative, which is to give the money to

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the government and let it decide what to do with it. Since the permanent fund will consistently earn close to a billion dollars a year for the foreseeable future, it would appear that doubling the dividend is a sustainable policy for an indefinite period.

Based on the history of this decade, many public policies have damaged the common good, while the government has prospered. Unhooking our elected officials from their financial cookie jar will be no easy task. Removing their ability to use permanent fund earnings to endow future government spending will force them to fashion more sensible budgets. They fully recognize the potential challenge to their fast and loose policies. Those interests that have traditionally feasted on government spending are likewise not enthusiastic about changing the permanent fund dividend policies. Doubling the dividend is a bold move that will test our elected officials' belief in an economic system controlled by the marketplace rather than government planning.

\*Millett\*Keller\* is an Anchorage business and public affairs consultant.  
END OF DOCUMENT.

leaves on in much the same condition as it came out of the ground. The

RANK 73 OF 125. PAGE 3 OF 3, DB AD7, DOCUMENT 8242

potential for adding value to the resource by refining and petrochemical conversion offers the opportunity to create an entirely new industrial base that provides an additional tier of private investment and job creation.

The Statehood Act and our Constitution place the stewardship for these resources with our elected officials. Unfortunately, many of the resource development decisions faced by our elected officials are indirectly controlled by Congress because federal lands and regulations are involved. This allows the Congress and special interest groups to manipulate many of Alaska's public policy decisions to the detriment of the Alaska economy.

If our elected officials will devote as much energy to this struggle as they do to the issue of redistributing wealth, Alaska's abundant resources will continue to provide the basis for an economy based on the conventional ideas of American capitalism.

Millet\*Keller\* is an Anchorage business and public affairs consultant.  
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RANK 74 OF 125. PAGE 1 OF 3, DB AD7, DOCUMENT 7577  
ANCHORAGE DAILY NEWS

DATE: SUNDAY June 7, 1987

PAGE: D3

SECTION: Front Page

SOURCE: by\*millett\*keller\*

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LENGTH: Medium

#### PUBLIC EMPLOYEES, IN THE END, ARE ANSWERABLE TO THE PUBLIC

During the next few months we will receive an overdose of complaining from our public employees union leaders. The abuses of common sense that elected officials have condoned in the union agreements will be the focal points. Lost in the rhetoric is the fact that the tradition of "getting along by going along" strains some important constitutional principles.

There is a profound difference between collective bargaining in the public and private sectors. Private sector collective bargaining is a matter between employees and the owner of a business. The economic interest of the owner involves the owner's investment and the necessity to establish a good working relationship with employees.

In the public sector, the principles ultimately controlling the relationship between the government employees and the public are embodied in the Constitution. According to the Constitution, the citizens are the

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sovereigns and ultimate decisionmakers. The employees are supposed to be servants of the citizens. The determination of what services will be provided by the government is supposed to be based on the consent of the citizens, not the whims of the union leaders.

Public employees do not have a constitutional right to collective bargaining. The privilege is conferred only through law, which means that the rights and ground rules of public sector collective bargaining can be changed by a majority vote of our elected representatives. The public has given this responsibility to its elected representatives along with the power to appropriate and tax. Should the public employees not obtain satisfactory results from the collective bargaining process, their recourse is to change the elected representatives through the democratic process.

The Constitution guarantees that every citizen will be treated justly according to the principles of the rule of law. A few of our misguided union leaders seem to think that collective bargaining confers preemptive rights on public employees and gives them a preferred class status over the citizens. While most public employees may abhor these union tactics, the union leaders nevertheless seem oblivious to the constitutional principles involved.

To postulate that one citizen's economic purchases are more important than those of another citizen flies in the face of all the values that we hold in our constitutional system. To suggest that the governor must obtain union

Certainly, our elected officials and union leaders would not advocate that we create a classstructured society. However, their tactics seem to advocate this very course. In a feudal society, the royalty may be able to get away with economic class distinction. However in a democratic society, we should all be treated as individuals with respect and afforded the treatment one would expect under a constitutional rule of law.

The upcoming struggle between the public employee union leaders and our elected officials will test their commitment to these simple and fundamental constitutional values. Collective bargaining cannot overrule the principles of sovereign power that the Constitution guarantees to the citizens. Hopefully this message will not be lost during the heat, smoke and secrecy of negotiations.

credit.18p

Millet\*Keller\*is an Anchorage business and public affairs consultant.  
END OF DOCUMENT.

DATE: SUNDAY May 24, 1987  
PAGE: G3  
SECTION: Editorials  
SOURCE: by\*millett\*keller\*

EDITION: FINAL  
LENGTH: Medium

#### GETTING DISCIPLINE INTO STATE SPENDING

Why is it that the end of each session of the legislature takes on the specter of a Wagnerian Opera? The mindnumbing spectacle is a direct result of serious defects in our state Constitution that allow our elected to run amok with the enormous wealth our state receives from our natural resources.

Ten years ago our state changed its public policy priorities from resource development to wealth redistribution. This unfortunate and profound change in public policy continues to the present day, and without some major change will continue as our elected officials successfully consume all available revenues

This shift in public policy was fostered by a Constitution that does not provide enough discipline on the budget process. The lesson we should have learned during the past 10 years is that elected representatives cannot control themselves when they have a large source of nontax revenue to distribute.

The unfortunate conclusion of some is that the punishment should be meted out to the public through an income tax. Apparently this misguided opinion believes that the citizens are the problem rather than the elected officials.

A much more rational solution is to impose fiscal restrictions on our elected officials through constitutional reform. Two methods have been suggested that would bring about the needed reform. One is the creation of a new elected position, sometimes called the state treasurer, whose responsibilities would include the preparation of the official revenue forecast as well as the power to audit and report on the fiscal affairs of state and local governments.

The second major abuse by our elected officials that is sanctioned by the Constitution is the appropriation authority for capital projects. Our Constitution assumes that large capital expenditures will require general obligation debt. In this regard the Constitution requires that all general obligation debt issues be submitted to the voters, thus giving the voters the final authority to approve capital projects. The enormous wealth received by the state from nontax sources has eliminated the need for debt financing and voter ratification.

This problem could be corrected by requiring that all capital appropriation bills that exceed a certain dollar limit, such as \$10 million, be submitted to the voters just as they would if the project were going to be funded by

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prioritize its capital spending plans on the basis of state needs rather than coalition politics. It would also eliminate the final insult we have to endure, the reappropriation farce.

Our elected officials serve us with the best of intentions. However the lack of constitutional discipline allows them far too much license and fosters the enormous power of special interest lobbyists. Constitutional reform could provide the much needed discipline that would enable our elected officials to perform their duties in a more rational environment. Until this constitutional reform takes place, our elected officials will continue the same reckless appropriation process that has discouraged and disgusted the public for the past decade.

credit.12p

\*Millett\*Keller,\* a former member of the Anchorage School Board, is an Anchorage business and public affairs consultant.  
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RANK 76 OF 125. PAGE 1 OF 3. DB AD7. DOCUMENT 6255  
ANCHORAGE DAILY NEWS

DATE: SUNDAY May 10, 1987

PAGE: F3

EDITION: FINAL

SECTION: Front Page

LENGTH: Medium

SOURCE: by \*millett\*keller\*

#### DON'T FORECLOSE ON THE ECONOMIC FUTURE OF ALASKA JUST YET

The slowing of the state's economy accompanied by the chorus of complaints from the government, has begun to feed on itself and is creating a greater sense of apprehension than is justified.

Many of the basic values that our community has traditionally relied upon are being sorely tested. We now find it easy to share bad news with each other rather than uniting behind our belief in our economic system and our faith in the future.

Any student of history will point out that our nation has successfully endured many situations far worse than our current malaise. The Great Depression left its scars on millions of people but did not extinguish our economic value system.

During these tough times, we must maintain our hope and confidence in the future. Perhaps we can begin by reflecting on what brought us to Alaska in the

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first place. While most of our young people were born here, most adults in Alaska came from somewhere else, drawn to Alaska by a belief in its future.

Has the change in oil prices, so changed our future that we no longer believe that Alaska offers the opportunities of the past? When we take a good look at Anchorage we find that we still have one of the highest per capita incomes in the nation, a relatively low unemployment rate, and still serve as a magnet to many people looking for a life filled with opportunity, pioneering spirit and natural beauty.

We still have abundant natural resources waiting to be developed that will provide the underpinning for our economic future. The oil and natural gas resources that have yet to be tapped still represent our most significant new development opportunity.

Our tourism industry, which has grown dramatically in the past 10 years, has just scratched the surface of its potential. Our enormous border with the Soviet Union guarantees that the national security needs of our country will keep Alaska at the forefront of new investment in the federal defense budget.

Our attention should be focused on learning from our mistakes rather than preparing a foreclosure action on the future. The government-fostered boom of this decade has been the major contributor to the excessive growth as well as steep decline that occurred when the oil price bubble burst.

The overheating of the economy, which ballooning government budgets created, distorted many investment decisions and resulted in a great deal of

UNION BARGAINING WILL TEST THE WILL OF OUR ELECTED OFFICIALS

The outcome of the collective bargaining with our public employee unions will be the key to successfully weathering the government budget crisis in Alaska. Based on the pronouncements of most of the union leaders, we citizens and our public employees are likely to become the pawns in a struggle between the union leaders' ambitions and our elected officials' will. The challenges posed by this issue face our elected officials at all levels of state and local government.

Union officials openly admit they prefer to protect current salaries and benefits rather than preserve jobs and maintain services. This philosophy is based to a large extent on the fact that most of the union leadership comes from those employees who have the longest seniority and therefore the best salaries, benefits and job security.

The unfortunate outcome of this philosophy is that most of the other public

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employees as well as we citizens are faced with reducing services and public employment in order to sustain a few people at the substantial salary and benefits that have accrued over the years. In fact, this philosophy seems to fly in the face of a fundamental principle of constitutional government by which the powers of the government are based on the consent of the governed. The union leaders would obviously substitute the maxim that the union leadership should have more influence on what services the government will or will not provide.

The municipality has shown some willingness to step up to the issue and has received surprisingly widespread support from most employees for a plan which would save jobs and maintain services by freezing wages at current levels. There are many, of course, who would consider freezing existing wages and benefits to be anything but a sacrifice. Eventually, state and local government policymakers will have to face the issue of reducing salaries and benefits, not just freezing them.

The final test in this dilemma will be the strength of will of our elected officials who are charged with the ultimate responsibility for negotiating the union agreements with our public employee unions. Most elected officials recognize that the public will not tolerate using new taxes to sustain union leaders' demands for a continuation of current salaries and benefits.

It is hard to believe that Alaska's public employees would be willing to strike over the salary and benefit issue when most of the other citizens are

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learning to live with reduced incomes and benefits. Therefore, it would appear likely that the public would probably respond favorably to strong action on the part of elected officials in the event that public employee union leaders opt to strike.

~~Certainly the marketplace in Alaska will offer political leaders the~~  
opportunity to choose many viable alternatives for providing government services, including contracting or replacing striking workers. The union leadership must recognize that the purpose of public employment is to serve the public rather than the public serving the employees. Recognizing this fundamental relationship may foster a rational discussion of the tradeoffs between the number of employees, the services to be provided and the cost of maintaining government.

credit.18p

"Millet" "Keller" is an Anchorage business and public affairs consultant.  
END OF DOCUMENT.

DATE: SUNDAY October 12, 1986  
PAGE: 3  
SECTION: Local/Metro  
SOURCE: BY\*MILLETT\*KELLER\*

EDITION: FINAL  
LENGTH: Medium

## PUBLIC DESERVES TO SEE TEACHERS' BARGAINING PROCESS

The current impasse in negotiations between the Anchorage School District and the teachers union provides a vivid example of how a union leadership's strategic error now threatens educational quality in Anchorage. The strategic error occurred two years ago when teachers' union negotiators called for a reopener of the salary schedule for the third year of the contract.

The union believed that reopening the third year would allow them an opportunity to expand the annual 4 percent increase which had been wired into the first two years of the contract. Their belief, of course, was founded on the assumption that oil prices would continue to skyrocket, state funding would continue to expand and the inflation rate would grow.

Their strategy failed on all accounts. Inflation is much lower than expected and in fact will be less than 1 percent for Anchorage in 1986. State revenues supporting the Anchorage School District plunged \$14 million this

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year and enrollment has declined by almost 2,000 students.

Had the union's reopener not been included, automatic step increases would now be in place and the third year of the contract would not be an issue.

In a desperate attempt to save face, the union has now instituted a provocative grievance tactic aimed at intimidating the Anchorage School Board. Whether this tactic succeeds is yet to be determined.

To further complicate the issue, negotiations for the next threeyear contract must begin by Nov. 1. The year of contract negotiations, even under the best of circumstances, is always a morale downer for teachers. The union has found it convenient to foster dissatisfaction among the teachers in order to strengthen its position visavis the school district and justify its own existence.

The union strategy begins the negotiations process by raising expectations beyond reasonable limits so that gains that fall short of expectation levels are considered takeaways.

The public and the teachers have not been able to adequately supervise or evaluate this negotiation process because negotiations are conducted in secret. The secrecy is a result of both the school board and the union opting for this approach. The contract specifies that if either party wants negotiations to be conducted in public, the negotiations shall be held in public.

The school board has until Nov. 15 to request that negotiations for the new

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contract shall be done in public. It's about time that the teachers and the public have a chance to independently evaluate what's going on at the negotiating table. Competing press releases from union and school district headquarters are not an adequate way to inform. On the contrary, they are a clever form of propaganda.

The press must be allowed to observe the bargaining process and independently inform the public and the teachers of the activities at the negotiating table. Without adequate information, the educational quality, employee morale and public confidence in our school will all suffer, as we are now witnessing. Open negotiations on the other hand will allow this most significant community issue to be adequately reviewed and analyzed. If we truly believe that a well informed public is the bulwark of democracy, then open negotiations are the best means to restore employee morale and public confidence in Anchorage Public Schools.

credit:ic66  
\*Millett\*Keller, a former member of the Anchorage School Board, is a business and public affairs consultant.

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RANK 100 OF 125. PAGE 1 OF 3. DB AD6. DOCUMENT 7368  
ANCHORAGE DAILY NEWS

DATE: SUNDAY May 11, 1986  
PAGE: 63 EDITION: FINAL  
SECTION: Letters to & OPED/Compass/Forum LENGTH: Medium  
SOURCE: by\*Millett\*Keller.\*Anchorage business and public affairs consultant.

TEACHERS' CONTRACT NEGOTIATIONS SHOULD BE IN OPEN

While great attention is paid to a public discussion of the Anchorage School District budget, the real big money decision is made in secret. Since last November, the school district has been negotiating with the teachers' union over several provisions of their labor contract. The current agreement was ratified in August 1984 and doesn't expire until June 1987.

However, the three-year agreement calls for reopening several provisions during the third year. Those provisions include salary, added duty pay, health and life insurance, employee assistance, and sabbatical leave.

Since the negotiations are conducted secretly, neither the public nor the teachers have an independent means of verifying what is going on. Certainly the employees can't be too concerned about the contract since it clearly shows the results of hefty improvements in salaries, benefits, and working

conditions. During the past four years, the minimum increase any employee has

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received is 31 percent. For those employees who were still moving on the seniority steps, a 61 percent pay raise was received. During this same period the cost of living in Anchorage has risen 14 percent.

These large percentage increases are even more meaningful since they occurred on a very substantial salary base. At the present time, hourly rates for teachers with bachelor degrees vary from \$22 per hour at the entry level to almost \$42 per hour after 11 years. A masters degree and 13 years of seniority pushes the hourly rate to almost \$46 per hour.

Certainly the working conditions can't be much of a problem for the union. Anchorage provides well kept and well furnished facilities and a host of technical equipment and support employees to assist classroom instruction. Furthermore, the teachers are only required to be on duty for 6.5 hours per day. Many teachers devote additional hours to their profession as do most other professionals who are required to be on duty for eight hours per day.

The fringe benefits which the school district provides exceed most programs offered in either the government or private sector. A fully paid medical and hospital insurance plan along with a fully paid life insurance policy equal to three times annual salary up to a maximum of \$100,000 are provided each teacher. In addition, teachers get 12 days of sick leave and two personal holidays during their nine-month contract.

The union also gets a health subsidy. The school district pays 40 percent of the union president's salary while he is on leave of absence during his

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term of office. In addition, the district provides the union with over 200 days of leave for use by union leaders who leave their classrooms to participate in various union activities, including contract negotiations.

Perhaps the most distressing part of the negotiations process is the unnecessary secrecy. The contract provides that negotiations shall be open to the public unless the parties mutually agree to have secret sessions. Therefore, the negotiations are being held in secret because both the school board and the union want it that way. The community needs to receive essential information regarding the process of negotiations. By failing to respect the vital interest of both the public and the teachers, the board and the union have shown a high-handed attitude toward the democratic process of government.

Since the contract is due to expire next year, negotiations on a new contract will get underway later this year. If the stonewalling associated with secret bargaining sessions of the past is any indication, the school board should exercise its prerogative and declare that bargaining on the new contract will be done in the open.

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RANK 101 OF 125. PAGE 1 OF 3. DB AD6. DOCUMENT 7368  
ANCHORAGE DAILY NEWS

DATE: SUNDAY April 27, 1986  
PAGE: 63 EDITION: FINAL  
SECTION: Letters to & OPED/Compass/Forum LENGTH: Medium

AND CONTINUING THE PUBLIC WORKS IN SPENDING, THE SCHOOL DISTRICT HAS ATTRACTED THE ATTENTION OF THE ASSEMBLY. THE ASSEMBLY SHOULD STAY ON TOP OF THIS IMPORTANT PUBLIC POLICY ISSUE AND DIRECT SOME CRITICAL QUESTIONS TO THE SCHOOL DISTRICT. HOW CAN THEY JUSTIFY A \$7.5 MILLION INCREASE IN SPENDING WHEN ENROLLMENT HAS DECREASED BY 953 STUDENTS? WHY SHOULD THE SCHOOL DISTRICT CONTINUE TO TAKE THE MAXIMUM TAX RATE POSSIBLE WHEN IT HAS SUBSTANTIAL CASH RESERVES ON HAND? HOW DOES THE SCHOOL DISTRICT PLAN TO SUSTAIN CURRENT SPENDING LEVELS IN FUTURE YEARS? WHEN THE SCHOOL DISTRICT SENDS THE BUDGET OVER TO THE ASSEMBLY FOR APPROVAL, THESE AND MANY OTHER QUESTIONS ARE LIKELY TO BE ASKED.

\*Millett\*Keller\* is a business and public affairs consultant and a former member of the Anchorage School Board.

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RANK 111 OF 125. PAGE 1 OF 4. DB AD6. DOCUMENT 2624  
ANCHORAGE DAILY NEWS

DATE: SUNDAY February 9, 1986

PAGE: M3

SECTION: OPED

SOURCE: \*millett\*keller\*

EDITION: FINAL

LENGTH: Medium

#### BINDING ARBITRATION IGNORES DEMOCRATIC IDEALS

Binding arbitration in public sector collective bargaining is a dangerous and repugnant assault on our democratic values.

Binding arbitration is a serious public policy issue that unfortunately does not receive the thoughtful analysis it deserves. Rather, it has become

the rallying cry for the teacher's union as it attempts to erode one of the pillars of our Constitution: representative government.

Binding arbitration can be an acceptable method for two private parties to settle a dispute through the use of a third party who resolves the issue for them.

This concept, when applied in the public sector, however, has an entirely different dimension.

In the public sector, we citizens are the source of the power of our government. Through the democratic process we delegate some of our power to

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persons we elect to represent us.

We hold them accountable for their decisions and we maintain control through elections where the public can exercise its ultimate control.

In Alaska, most state and local governments and school district employees are represented by unions. Since wages and benefits represent the major operational cost of government, the outcome of union negotiations has a profound effect on public policy.

Binding arbitration turns the tables on representative government by delegating the most important decision, the terms and conditions in union agreements, to a third party who is not elected by the public, may not even be a resident of the community and is not accountable for any public policy ramifications.

Elected officials and the public are required to observe the decision of this non-elected person just as though we had a totalitarian form of government.

In our constitutional system, when you want to go over the head of elected officials, you're supposed to amend the Constitution, not bring in a hired gun.

The teacher's union argues that binding arbitration adds finality to the negotiation process and forces school boards to negotiate in good faith.

They deliberately ignore the fact that the current process already has finality. The real issue bothering the union is who gets to make the final

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decision.

We're also told that without binding arbitration, school boards will not negotiate in good faith. This argument ignores the fact that our courts exist to provide redress if a union is subjected to bad faith negotiations. What the union really wants is the authority to control the entire negotiation agenda, including the ability to set public policy regarding school management.

In our constitutional system, the union already has a method available for changing public policies it doesn't like. Through democratic elections, it can and has made changes.

For example, each year at least two members of the school board stand for re-election. If a school board is not bargaining in good faith or is adopting policies which are injurious to the employees, the union can promote candidates who will change policies.

If the public returns incumbents to the school board or elects persons with views inimical to the union, one must conclude that the public's will is being exercised even if the union doesn't agree with the outcome.

Sen. Mitch Abood has vowed to hold the House-passed binding arbitration bill in his Senate committee. You can expect to see enormous pressure brought on him by the teacher's union that believes a majority of the Senate support the bill. Gov. Bill Sheffield has already indicated his support for binding arbitration.

Hopefully, reason, courage, and commitment to democratic ideals will be an

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adequate defense to this assault on representative government.

\*Millett\*Keller\* is a business and public affairs consultant and a former member of the Anchorage School Board.

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and returning some of the surplus tax receipts to the taxpayers.

"Millett"Keller, a business and public affairs consultant, is a former member of the Anchorage School Board.  
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RANK 125 OF 125, PAGE 1 OF 3, DB AD5, DOCUMENT 316  
ANCHORAGE DAILY NEWS

DATE: SUNDAY October 13, 1985

PAGE: 03

EDITION: FINAL

SECTION: OPE

LENGTH: Medium

SOURCE: "Millett"Keller"

#### DEMOCRATIC SYSTEM, IDEALS OFFER BEST CHANCE FOR ALASKA'S NATIVES

The two-part article by former Canadian Justice Thomas Berger, which appeared in the Daily News on Oct. 1 and 2, outlines a shocking repudiation of the 20th century. The desire of Justice Berger to mete out social justice unfortunately offers a solution that appears more like the failed policies of 19th century American Indian history. ~~Even more disturbing is the apparent~~ lack of recognition that the dual forces of democratic ideals and individual freedom are the most powerful and positive influences in the modern world today.

Democratic ideals, although not perfect, have proven to be the most successful basis available for creating governing institutions regardless of culture or heritage. These values are the best hope of any culture in protecting itself from totalitarian abuses and asserting a form of self government that most represents the best aspirations of the people.

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Individual freedom can only be protected by a constitutional system based on the rule of law. The loose-knit tribes of the 18th and 19th centuries could place communal interest ahead of individual interests. But the modern world has changed that. Justice Berger's vision of Alaska Natives seems to glamorize the condition of nomadic tribes roaming over the tundra and living off the land. The sadly misguided solution not only fails to come to grips with 20th century America, but also represents a foreclosing of the individual choices of future generations. Unless he can roll back all the advances that have occurred in transportation, communications, health care and literacy, Justice Berger's solution is doomed before it begins.

Perhaps the corporate model that was offered to Native villagers is not appropriate. But the 1971 Land Claim Settlement Act recognized that Native survival depended on merging Native heritage with 20th century American ideals.

Alaska law offers an alternative to tribal governments that would ensure democratic values of governance as well as providing constitutional protections of individual rights. Existing Alaska law allows villages to establish local governments that can provide services and facilities considered important by the village. Furthermore, a Native village corporation could donate its land to the local government, thus insuring that future control of the land would rest in a constitutional and democratically controlled process.

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Although there is always some risk in trusting the democratic system, I suspect that over the long run it will offer much better protection than will a tribal government. Justice Berger has developed a reputation as an articulate, concerned and knowledgeable person in Native affairs in Alaska and Canada. His motives in seeking a lasting solution for the concerns of some Alaska Natives in the control of their land, resources and culture are not an issue. His proposed solution, unfortunately, could represent a substantial setback to the noble purpose he envisions.

"Millett"Keller, a business and public affairs consultant, is a former member of the Anchorage School Board.

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HICKEL ADDS KELLER, STASTNY TO CABINET LATEST APPOINTEES EXPECTED  
TO TRIM STATE SPENDING

Gov.-elect Wally Hickel added two dedicated critics of state spending to his cabinet Friday, naming Millett Keller to head the Department of Administration and making Shelby Stastny director of his Office of Management and Budget.

Hickel said he picked the two "because of their expertise and talent when it comes to financial matters" and because he believes they will help him cut the size of the state's budget.

Keller, 50, a data-processing expert, served on the Anchorage School Board for six years, stepping down in 1981. He has advocated cuts in taxes and spending for years in newspaper columns and speeches, and was one of the architects of the Anchorage Charter amendment that tied city property-tax

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increases to changes in population and the economy.

Stastny, 51, is an accountant and a past president of Common Sense For Alaska and the Resource Development Council, both conservative business groups that advocate industrial growth and limits on state spending. In his role with Common Sense, Stastny has analyzed state budgets and recommended reductions in reports to business groups like the Anchorage Chamber of Commerce.

Hickel said he believes voters sent him to Juneau with a mandate to cut state spending, and he expects Keller and Stastny to help him do that.

"Alaskans in this last election said we must get ahold of the budget," Hickel said, but he resisted most questions about specifics and a reporter's suggestion that Keller and Stastny are being appointed to apply axes to the budget.

"Wielding the ax can be done by anybody," he said. "If it's done professionally, it's called cutting the budget."

Hickel repeated his campaign promises to cut the staff in the governor's office by 15 percent and said he believes the state work force can be cut by as much as 1,000 to 1,200 employees a year through attrition. Hickel also said he wants to contract more state services to private business.

Stastny and Keller said they are looking forward to the opportunity to test their skills at setting policy and cutting spending after years of criticizing the efforts of others. But they also said the prospect of putting their theories into practice is a little daunting.

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At Administration, Keller will take over a department that employs about 1,100 people and spends about \$200 million annually, mostly on programs for the elderly. The department also does most of the purchasing, payroll and personnel work for the state, along with data processing.

He acknowledged he hasn't much experience in supervising large numbers of employees. "My main experience with large organizations is (serving on) the school board," Keller said, where he and six other elected officials set policies and budgets for about 4,000 employees.

While Keller and Stastny dodged questions about where they may make changes, they promised there will be some.

"For the first time in 25 years, the will exists in the executive branch to do something about state spending," Keller said.

Stastny and Keller join Alaska Railroad president Frank Turpin and retired Anchorage car dealer Max Hodel on Hickel's new team. Hodel will be the new governor's chief of staff and Turpin will be commissioner of the Department of Transportation and Public Facilities.

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# Hickel backs retirement bailout

By HAL BERNTON

Daily News business reporter

Gov. Wally Hickel said Tuesday he thinks the state should stand behind an ailing state employee retirement fund and would "strongly consider" signing legislation to make up any of its losses.

Hickel's comments Tuesday came in response to a constituent's question during a radio call-in show on

the Alaska Public Radio Network.

They are at odds with statements Monday by Millett Keller, a Hickel Cabinet member who has taken a lead role in dealing with the crisis in the state Supplemental Benefits System, which could lose up to \$130 million invested in a crumbling California insurance company.

Keller said he thought the

state — unless faced with a legal obligation — shouldn't use money from the general fund to rescue the retirement fund.

"If you have to choose sides between the public and employees, then my belief is that our oath is to the citizens of Alaska," said Keller, Hickel's commissioner of administration, during a legis-

Please see Back Page. SBS

## SBS: Bailout supported

Continued from Page A-1

lative hearing.

By late Tuesday, administration spokesmen were scrambling to clarify Hickel administration policy on an issue that touches more than 20,000 past and present state employees.

John Manly, a deputy press secretary, said Hickel was speaking in broad terms about the state's obligations. If the legislature sends Hickel a bill to make up any losses, then the governor would probably sign it, Manly said. "He feels like there was a state fiduciary responsibility."

Since 1980, state employees — including most legislators — have made mandatory payments into the Supplement Benefits System. It supplements a much larger pension system, administered by the Revenue Department, that is not at risk.

State workers had no say in how the supplemental funds were invested. From 1987 to 1989, Department of Administration officials put up to a third of the funds in Executive Life Insurance Co., a California insurer with a portfolio full of junk bonds that was seized earlier this month by regulators. The state of Alaska's entire investment may be lost.

In March, as Executive Life's problems intensified, the Hickel administration proposed a bill that would authorize the use of general fund money to make good on any losses to the employee retirement fund. But that bill was voted down on the Senate floor.

After that, Sen. Pat Pourchot, D-Anchorage, spoke out in favor of hailing out the Supplemental Benefits System, saying it was the state's responsibility to protect the workers. But the administration then backed away from the bill as it sought a still-pending legal opinion on whether the state is liable for lost funds.

On Tuesday, Hickel appeared to once again throw administration support behind general fund appropriations to cover losses that could run as high as \$130 million.

"Somehow, the state has to stand behind the retirement fund," he said. "If the legislation looks like it will solve the problem ... we will strongly consider it because we have an obligation."

ADN 4-24-91

# Dividend reality check

**I** magine, if you will, the ultimate government give-away program. It offers free money - nearly \$1,000 last year alone - to every man, woman and child in the state. And the criteria? There aren't any. Just fill out the form and every fall a check worth hundreds of dollars arrives in the mail.

It sound likes the ultimate government boondoggle. And maybe, just maybe, it is. Called the Alaska Permanent Fund dividend, it is the state's attempt at getting Alaskans to accept the idea of setting aside money for the day oil revenue dries up, leaving them holding the \$2 billion-plus tag that it costs to supply them with services ranging from snow plowing to airports.

What it really is, however, is an attempt to buy off Alaskans. It's like the old - and sexist - joke about how a husband keeps his wife happy. "I just give her shopping money and tell her to go out and buy something."

In Alaska, what the state does is hand out checks. "Here, go out and buy something," seems to be the implied purpose of the money.

Of course, there are people who really need the money.

They depend on it to buy supplies for the winter or to catch up on their bills. But then there's the rest of Alaskans, who see it as money dropped from the sky and who make a bee line to the nearest store or travel agency. Some do set aside their children's checks for college, but just as many spend them on toys, bicycles or other goodies.

What brought on this little diatribe was a comment attributed the other day to Millett Keller, the controversial nominee for commissioner of Administration. He said that the only reason we have the Alaska Permanent Fund was to crank out those free checks every year. Period.

That got us to thinking, admittedly a sometimes painful experience. Nevertheless, the new state administration has said it is intent on clamping down on wasteful spending. The new commissioners have been combing the budgets looking for ways to save \$50,000 here or \$1 million there. It's a good exercise, and helps keep state government lean.

But the inconsistency of looking under rocks to save money on one hand and handing out a half a billion dollars on the other hand is a little too glaring to ignore.

Then, to say that the only reason to have that \$11.5 billion savings account at all is for free money is beyond belief, if not reality.

Don't get us wrong. We're all for free money. We have our applications on file right along with everyone else's. But, as it was laid out when the fund was set up in the 1970s, the real reason for it was to provide a supplemental revenue source once the oil money ran out. The fund itself would never be touched but the interest it earns would go toward running the government.

In fact, the only reason the dividend was thrown in was to buy off Alaskans from wanting to raid it for other things.

Commissioner Keller notwithstanding, the time is fast approaching to consider what needs to happen with the Permanent Fund. North Slope oil revenue is on the decline, yet the demand for state services continues unabated. The administration's attempts to squeeze the budget will only go so far until either another revenue source - an income tax or interest from the Permanent Fund - has to be found.

Nobody is looking forward to that day. But we should not pretend that the Permanent Fund's flow of free money will continue to increase forever while state government shuts down or we all dig deep into our wallets to pay an income tax.

At some point, we must face the reality of the future. That reality is more Permanent Fund interest going toward government services and less going toward dividends.

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**ISSUE:** The purpose of the Permanent Fund

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Empire 4-24-91

# Philosophical questions

## Administration memo on hiring practices sparks new concerns

By RALPH THOMAS

THE JUNEAU EMPIRE

A top Hickel administration official says probationary state employees can be evaluated on the basis of their commitment to the "philosophy" of the new governor.

Millett Keller, Department of Administration commissioner, sent a memo last month to his fellow commissioners suggesting guidelines they should use in evaluating probationary employees.

In a two-paragraph message attached to the guidelines, Keller wrote, "It should be noted that you have a unique opportunity to evaluate a probationary employee to ensure that they are committed to the philosophy of the administration."

Keller on Tuesday said he stands behind his March 28 memo. He said the guidelines were sent out because most top-level officials in the Hickel administration are not familiar with government hiring practices.

"We want things to be done correctly," Keller said.

But state employee union officials and some legislators warned that if commissioners take Keller's advice when dealing with classified employees, they would be breaking the law.

"It's against the law," said Buddy Maupin, business manager for the Alaska State Employees Association. "It will call into question the validity of every probationary discharge."

Sen. Jim Duncan, D-Juneau, said the administration should "retract that memo very quickly... It's an inappropriate method of evaluating employees. Classified employees shouldn't be required to have a certain philosophy."

Rep. Fran Ulmer, D-Juneau, said the reason for a classified employee system "is to make sure they (employees) are not just political flacks for the administration."

She added, "I find (Keller's) memo very offensive."

In a letter today to Hickel, Maupin urged that the administration denounce Keller's memo.

"Our members are not politicians," Maupin wrote. "(The union) will continue to promote government employment practices on the basis of merit, and will continue to oppose any effort by any party to denigrate our work by politicizing our conditions of employment."

Eric Rehmann, Gov. Walter J. Hickel's press secretary, said today Keller's memo had been misinterpreted. He said Keller's comment on philosophy should not be read to mean political belief, but said he realizes the memo could easily have been misread.

Max Hodel, Hickel's chief of staff, met with Keller this morning to discuss the memo and write a response to the union, Rehmann said.

Please turn to Questions, Page 8

## Questions...

Continued from Page 1

In the letter, Hodel said, "This is not politics. It is a philosophy based on ethics, values and commitment to the well being of Alaska."

In a heated debate on the House floor this morning, several legislators added their criticism over the memo. But Republican Minority Leader Rep. Robin Taylor of Wrangell said legislators should give the administration the benefit of the doubt for this "slip of the tongue."

House Speaker Ben Grussendorf, D-Sitka, said, "This has reached the level of a holy war," and urged lawmakers to continue their debate in committee.

According to state law, classified state workers cannot be hired, fired, suspended or demoted for anything but merit reasons. The law specifically says those actions cannot be taken "on the basis of unlawful discrimination due to political beliefs."

Keller's memo mentions the law and stresses that employees cannot be evaluated on the basis of their activities outside the work place. But Maupin said Keller goes too far with his cover letter statement and at least two of his evaluation guidelines.

One of the guidelines urges commissioners to "verify that employee demonstrates responsiveness to management's leadership, and does accept the overall philosophy and di-

rection of the department."

Another guideline says employees may be fired for any work-related reason, including "disagreement with management philosophy."

Maupin said, "It's clear to me that this is an effort by the administration to political birth control."

But Keller said he doesn't believe the memo is out of line.

"I hope every governor, when they come into office, has expected to hire people who believe in the governor," he said. "You expect them (employees) to represent the policies of the governor."

One of Keller's predecessors disagrees.

Rep. Bill Hudson, R-Juneau, who ran the Department of Administration under former Republican Gov. Jay Hammond, said "If someone were to evaluate me and my performance on the basis of my philosophy, I think I would find it a violation of my constitutional rights."

Hudson said there seems to be a general misunderstanding within the administration of how state government works.

"They (the administration) ought to be concentrating more on professionalism and getting ideas from the employees, rather than making sure that everyone is absolutely on the same philosophical line with them," Hudson said.

Maupin said his union, which represents about 8,500 state workers, has received several complaints

from members who felt pressured to tow the Hickel administration line. He said in one situation a 16-year employee was warned that he would be fired if he testified on a bill favored by the union.

Maupin's letter to Hickel also notes that probationary employees typically have no recourse through grievance or arbitration process. But he said any employee, including those still on probation, who is terminated on the basis of philosophy will have grounds for an appeal.

In view of Commissioner Keller's memorandum, we view each probationary discharge as potentially biased," Maupin wrote to Hickel.

Bruce Cummings, director of the state's Division of Labor Relations, said he does not see any problems with Keller's memo. He said Keller's discussion of philosophy should not be read to mean political beliefs.

All state employees in classified jobs must make it through a probationary period, which in most cases ranges from six months for workers below range 14 to a year for those at range 14 and above.

Range 14 employees earn about \$29,000 a year.

Cummings said they are usually between 500 and 1,000 state workers on probation at any time.

The same rules do not apply for exempt employees, generally high-level positions appointed by the administration. Exempt employees can be fired at any time without cause.

Juneau Empire 4-10-91

# Civil disservice

## *Keller political litmus test is off-base*

State commissioner of administration Millet Keller needs to look up the definition of "civil service." He believes the Hickel administration has the right to scrutinize the political "philosophy" of classified workers hired by Gov. Hickel's predecessor. He's wrong.

Mr. Keller is unhappy that outgoing Gov. Steve Cowper hired many new civil service employees just before leaving. Mr. Keller wants these workers to believe in the Hickel administration line — or else.

He urged fellow commissioners to evaluate these workers, who are still on probation, and "ensure that they are committed to the philosophy of the administration."

And if they're not? Mr. Keller told commissioners it was fair game to dismiss a probationary worker for "disagreement with management philosophy."

That would seem to fly in the face of state law. The state cannot discriminate against civil-service workers based on their political beliefs.

But to Mr. Keller, that's no problem. He thinks a worker's opinion of the administration's philosophy doesn't qualify as a "political belief."

He told KTOO radio in Juneau that "political beliefs" simply refer to party affiliation: Democrat, Republican or Independent. "People's philosophy, opinion and points of view — those are not political," he said.

In his view, "Whether you believe in development or oppose development isn't really a political belief ... An employee's philosophy on those issues is a proper matter for evaluation."

The only constraint, in Mr. Keller's mind, is that, "The philosophy has to be relevant to the job they're in." To him, it doesn't matter what a clerk-typist's views on development are. But workers like permit writers and enforcement agents would have to undergo the Keller litmus test.

Any way you look at it, Mr. Keller's approach is indefensible.

First, it's almost certainly illegal and would expose the state to a raft of expensive lawsuits. The state's largest employee union warned, "We view each probationary discharge as potentially biased." A few years back, the state legislature had to pay a large settlement to a staffer dismissed for attending a political rally on her own time.

Second, as a management strategy, Mr. Keller's approach is just plain dumb. It creates an environment in which yes-men and yes-women will flourish. Those who make decisions will not get exposed to a diversity of views. And, homogenous thinking makes it harder to anticipate problems and avoid flawed policies.

Third, what if the governor changes his mind on a major issue? Are state bureaucrats expected to immediately follow him in a massive about face? Will state employees need to respond like mindless drones to every change in the Hickel party line if they want to keep their positions?

Mr. Keller seems not to realize that state civil-service workers are hired to do a job. What matters is whether they do the job. If they don't do their work, they should be fired. If they do, it's none of the state's business whether they think Gov. Hickel is God's gift to Alaska or the devil incarnate.

ADN H-15-91

# Administration considers merging state personnel offices

By RALPH THOMAS

THE JUNEAU EMPIRE

The Hickel administration is considering a plan to merge all of the state's personnel offices into a central hiring bureaucracy within the Department of Administration.

Each department now has its own personnel office, but David Otto, statewide personnel director, said Monday the administration is looking for ways to streamline state government — and consolidating personnel offices may be one way.

"It's been a topic of considerable discussion," Otto said.

In addition to reducing the number of personnel jobs, Otto said a central office would also give the administration "a greater degree of control and accountability" in the hiring process.

Mike Maher, deputy commissioner of the Department of Administration, said the decision on consolidation will turn on whether "the governor feels we don't have enough control over what's going on out there (in the departments)."

Rep. Bill Hudson, however, said he has been down the "centralization" path before, and all he found was a more cumbersome way of doing things.

"It's not a new subject," said Hudson, a three-term Juneau Republican. "It's been around as long as I've been in state government."

Hudson ran the Department of Administration from 1979 to 1982 under Gov. Jay Hammond.

During that time, Hudson said, the administration moved in the opposite direction, trying to make each department as self-sufficient as possible. He said strongly

## Keller apologizes for 'litmus test' memo

By MATT KOHLMAN

THE ASSOCIATED PRESS

Administration Commissioner Millett Keller has apologized for a recent memo in which he urged fellow commissioners to evaluate probationary employees on their commitment to the Hickel administration.

But state-employee union leaders are still leery and will look closely at any probationary dismissal. Buddy Maupin, business manager for the Alaska State Employees Association, said Monday. The union is the largest representing state employees.

Keller came under heavy criticism last week for his memo saying probationary employees should be evaluated "to ensure that they are committed to the philosophy of the administration."

He later said he did not mean political beliefs, which he defined as partisan political values. Evalua-

tions, firings or hirings based on politics are against state law.

An example of philosophical firings would be someone who works in the Department of Natural Resources but does not advocate opening the Arctic National Wildlife Refuge for oil exploration, Keller said.

Gov. Walter J. Hickel's chief of staff, Max Hodel, responded that the administration was looking for employees who are committed to serving Alaska and have a strong work ethic.

In a letter to Maupin on Friday, Keller wrote that he subscribes to Hodel's position. He said his intention was to share the proper method of evaluating probationary employees.

"My cover memorandum was not well done and led to the misinterpretation of my intentions and, un-

Please turn to Test, Page 8

centralized systems are less responsive to the public and state agencies.

Hudson said his suggestion to the new administration is to keep the decentralized model and streamline operations within each department. With the power to appoint commissioners, he said the governor doesn't need more

control over hiring.

Otto said he has been studying Iowa's state government, where he said a similar move to create a central personnel office has been a big success. He said Iowa reduced its overall personnel staff by about 25 percent.

Alaska has more than 200 personnel workers in state

government.

There has been some resistance within state government to the idea of merging personnel offices, including some from employees who fear for their jobs, Otto said.

Some of that resistance flared at a personnel meeting March 28, after Otto confirmed that a consolidation plan was under consideration. But Otto said the resistance is natural, especially since the state has had the same system for so long.

"A lot of personnel people have been around a long time," he said.

Otto also said he expects some resistance from other department heads. "They may not feel they have the same control over the personnel officer that they're used to."

Maher said he has also heard talk of consolidating other administrative duties of individual departments, but he said those rumors have been "blown out of proportion."

Rep. Fran Ulmer and Sen. Jim Duncan, both Juneau Democrats, said they have asked Department of Administration Commissioner Millett Keller to brief them on any plans to reorganize state government.

Ulmer said today she is scheduled to meet with Keller on Wednesday.

Duncan said any major reorganizations should be well planned and then put in place through the legislative budget process.

Though the administration's proposal for a centralized personnel office would give the governor more control over personnel matters, Duncan has introduced a bill that would reduce that control.

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## Changes...

Continued from Page 1

Senate Bill 135, which has reached the Senate Finance Committee, would change the way the statewide personnel director is hired.

Under the current system, the state's personnel director is appointed by the administration. Under Duncan's plan, the director would be appointed by a five-member

personnel board — similar to the way commissioners are hired for the departments of Education and Fish and Game.

Duncan has said the bill would shield the personnel director and the state's merit system of employment from "political influence."

But Otto has testified against the bill, saying it will take away the governor's accountability and control in the hiring process.

## Test...

Continued from Page 1

fortunately, a great deal of controversy. I hope you will accept my sincere apology," he wrote.

But Maupin said he is unsure if the apology means Keller has changed his definition of political beliefs.

"It's not philosophy that will open up ANWR," Maupin said. "It's 51 votes in the U.S. Senate. And I defy anyone to tell me getting 51 votes in the U.S. Senate is not a political process."

"We carry out the policies established by officials. They have the right to establish policy and direct us to carry it out. They do not have the right to tell our employees what they do and do not think."

Keller was in Anchorage Monday and did not re-

turn phone calls to his office and home for comment.

Rep. Bill Hudson, D-Juneau and a former administration commissioner, said he feels more comfortable with the explanation than when he first read the memo.

"Clearly the reaction at the original suspected interpretation was helpful in laying out to the new administration the need to stay away from requiring any kind of a litmus test other than attentiveness and professionalism," Hudson said.

Keller's confirmation hearing before the Senate State Affairs Committee on Wednesday is expected to focus on the memo. But Sen. Pat Rodey, D-Anchorage and committee chairman, said Keller has been direct and honest with the Legislature so far and will likely be confirmed.

# Keller apologizes for memorandum

By MATT KOHLMAN  
The Associated Press

JUNEAU — Administration Commissioner Millett Keller has apologized for a recent memo in which he urged fellow commissioners to evaluate probationary employees on their commitment to the Hickel administration's political agenda.

But state-employee union leaders are still leery and will look closely at any probationary dismissal, Buddy Maupin, business manager for the Alaska State Employees Association, said Monday. The union is the largest representing state employees.

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Anchorage Daily News file photo

Commissioner Millett Keller

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"Mistakes are made. I'm not willing to be overly critical as long as those mistakes are corrected," he said.

## OPINION

# Keller memo unpopular in Juneau, but hailed in rest of state

JUNEAU — The Alaskan Independence Party minority's move to recall Gov. Walter Hickel and Lt. Gov. Jack Coghill fizzled before the AIP opened its conference last weekend in Anchorage.

The thought of recalling Hickel and Coghill is a real laugh. If AIP doesn't want that team, other parties — some prominent — are looking for a winning team.

The recall would succeed in Juneau. State workers and legislators are in a dither over a memo by Administration Commissioner Millett Keller. He reminded other commissioners that before a state employee goes off probation, and becomes a full-time classified employee, that the commissioner should be sure the employee agrees with the Hickel-Coghill philosophy.

The employees on probation are those hired in a rush during the waning days of Gov. Steve Cowper's term in what was viewed as packing the administration against the new administra-



**Lew Williams Jr.**

tion, which is more pro-development than the old administration.

When Hickel and Coghill ran for office, they heard throughout the state from people outside of government who were unhappy with state workers. For example, Department of Fish and Game personnel in southern Southeast were accused of using their state positions to block projects. In Fairbanks, Department of Environmental Conser-

vation personnel were accused of being too tough on miners.

Hickel was elected because he promised to change the philosophy of government toward promoting development, not blocking it. So Keller's memo may not sell in Juneau, or with some media and union leaders, but his memo and recommendations are hailed in the rest of the state.

...

Hickel this week gave Lt. Gov. Coghill sweeping powers to review all state regulations and order them rewritten to assure they follow, or at least don't impede, the Hickel agenda. Some new lawmakers complained, especially those to whom it's an obligation to be the loyal opposition. Older lawmakers remember.

According to former state legislator Oral Freeman of Ketchikan, the Legislature once had oversight on regulations. The Legislature passed laws, which specified that the agencies would



### PERSPECTIVE: JUNEAU

then promulgate regulations to carry out the intent of the law.

Some agencies got carried away with their power and went beyond legislative intent and were, in effect, writing law. In such cases, the Legislature could override the regs and send them back for rewrite. That went fine until Gov. Jay Hammond became upset about the override of one of his agency regs. So he went to court.

The court decided that the Legisla-

ture couldn't override a regulation. All it could do is pass new law. Something that is much more difficult. And that just adds more law and regulations. So agencies have been running without much control by the Legislature or the governor, the only elected officials. During the campaign, Hickel and Coghill said they would get regulations back under control. That is what they are doing.

...

What is interesting is that the Democratic candidate for governor, Tony Knowles, told Ketchikan reporters he'd reorganize the regulations process and get it under control if elected.

Regulators had as much chance of escaping scrutiny after the election as Petersburg had of getting the Super Bowl.

Lew Williams Jr., retired publisher of the Ketchikan Daily News, is volunteer coordinator for Gov. Hickel's media support center.

# State workers' morale causes flap at hearing

By DAVE PATRICK

TIMES CAPITAL BUREAU

JUNEAU — Complaints of state employee morale problems caused by budget cuts and turmoil in state government surfaced Wednesday at confirmation hearings for two commissioners appointed by Gov. Walter J. Hickel.

Department of Administration Commissioner Millett Keller denied there is a problem. But Richard Burton, commissioner of the Department of Public Safety, said in a later hearing that expanded duties and shrunken budgets have taken a toll on workers in his department.

Keller was criticized Wednesday by members of the Senate State Affairs Committee for his recent memo which urged fellow commissioners to evaluate probationary employees on their commitment to the Hickel administration.

The Department of Administration oversees the hiring, firing and training of many state workers. The sprawling department also oversees leasing of state office space, and manages the



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Richard Burton

state's telecommunications programs, pioneers homes, and the Longevity Bonus program.

Keller apologized to state employee union leaders but did not recant the memo Wednesday, saying instead that it was misin-

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## Morale

Continued from page B1

terpreted. The memo said probationary employees should be evaluated "to ensure that they are committed to the philosophy of the administration."

Sen. Rick Uehling, R-Anchorage, said state workers' morale has suffered because of Hickel's political housecleaning and an adversarial attitude toward state government.

"People in government are saying, 'Oh no, I can't believe this is happening. This is so far out.'" "There is a morale problem pervading state govern-

Burton said the department has been strapped with new programs and shrinking state funding in recent years. As examples, Burton cited the Council on Domestic Violence and Sexual Assault, court safety officers and the operation of jails in 19 communities as programs and services better located under different state agencies.

Sen. Pat Fourchot, D-Anchorage, said Burton's complaints are not unlike commissioners who head other departments. He said part of the fault can be attributed to Hickel's proposed spending reductions.

Unlike confirmation hearings conducted by House panels, the Senate State Affairs committee will not take a vote on the ap-

ment," Uehling said. Keller said he found just the opposite, that Hickel's enthusiastic attitude has rubbed off on state employees.

"The morale among state employees is very high," said Keller, who suggested the problem might be found among legislative workers.

Sen. Jim Duncan, D-Juneau, suggested Keller write a memo to commissioners retracting his earlier comments. Duncan's request was echoed Wednesday by Buddy Maupin, business manager for the Alaska State Employees Association.

"The political haranguing that (state workers) are part of the problem does not lead to productivity. I think they need to get a message that they're not part of

the problem," Maupin said.

Maupin said the message should come from Hickel or Keller.

During his confirmation hearing, Burton told the committee lack of funding has dragged down the attitude of his workers.

"We have a real morale problem. We have troopers in Fairbanks who spent \$2,500 of their own money to buy decent radios; (they have patrol) cars that don't work; buildings that have been condemned; and not enough time to solve cases."

The Public Safety department oversees Alaska State Troopers, and divisions dealing with fire prevention, fish and wildlife protection, motor vehicles and highway safety planning.

pointment of Keller and Burton, said Sen. Pat Rodey, D-Anchorage, committee chairman.

Instead, the committee will write a letter to the Senate president that states the designated commissioners have been reviewed. A vote on Hickel's appointees will be taken later by a joint session of the Legislature.

# Some Hickel appointees face tough going

## Legislators eye Rosier, Keller controversies

By MATT KOHLMAN

THE ANCHORAGE PRESS

Native representatives opposed Fish and Game Commissioner Carl Rosier's confirmation Wednesday, saying they cannot support him as long as Ron Somerville keeps a policy-making role in the department.

Rosier was one of five commissioners who appeared before legislative committees Wednesday. Rosier's appointment was taken up by the Senate Resources Committee.

Gov. Walter J. Hickel named Somerville deputy commissioner after the fisheries and game boards declined to nominate him for the commissioner's job in January, as Hickel requested. Somerville has long been a vocal critic of a rural preference for subsistence hunting and fishing rights.

The appointment has angered Native and commercial fishing groups. The groups voiced their animosity to the committee.

Lawrence Kimball of the Alaska Federation of Natives said retaining Somerville in a policy role will further polarize the state along ethnic and geographical lines.

"Rosier's confidence in an individual whose public career has constituted one long economic and cultural assault on the villages is misplaced," he told lawmakers. "Such action, at first blush, seems to reveal a lack of his-

torical understanding and political judgment."

Rural Alaskans find it difficult to believe Somerville will not influence decisions on subsistence despite promises to the contrary, said Bob Polasky of the Rural Alaska Community Action Program.

"The appointment of Mr. Rosier as commissioner with Mr. Somerville alongside will reinforce the message rural Alaskans have already gotten — that subsistence cultures and lifestyles are under attack," he said.

But Rosier stood by Somerville, whom Rosier said brings qualities to the department other than subsistence.

Rosier said that he supports subsistence rights and will make that policy clear to those he supervises.

"The commissioner runs the shop and people who get out of line don't have a job. It's that simple," he said.

Meanwhile, Administration Commissioner Millett Kel-

ler reassured the Senate State Affairs Committee that he has no hidden agenda to judge probationary state employees on a philosophical litmus test.

Keller said he poorly phrased a recent memo urging fellow commissioners to evaluate probationary employees "to ensure that they are committed to the philosophy of the administration."

Philosophy meant commitment to serving Alaska and a strong work ethic and not political beliefs, he told committee members.

"I seem to have distinguished myself for stubbing my toe on a very significant issue," he said. "It was a misinterpretation. I'm sorry it happened."

The committee also reviewed Public Safety Commissioner Dick Burton. Senate committees do not take official action on the confirmation hearings. Members just

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## Confirm...

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sign a letter telling the full Senate they have reviewed the appointments.

Meanwhile, the House Judiciary Committee took another step toward a showdown with Hickel over his unusual appointment and switching of seats on the Alaska Public Utilities Commission.

The committee decided not to consider the appointment of insurance salesman Don Schroer of Anchorage. Hickel named Schroer in January to replace Chairman Peter Sokolov, but the committee argues that the governor lacked the authority to remove Sokolov.

Former Gov. Steve Cowper reappointed Sokolov several weeks before Hickel took office, but the Legislature never had a chance to confirm the reappointment.

To make room for Schroer, Hickel shifted commission member Mark Foster from a consumer seat to fill Sokolov's engineering seat. State law designates qualifications for the commission's members. Foster is a civil en-

gineer.

The committee contends Hickel must refer Foster for confirmation because he is taking over a seat with different qualifications. The committee also recommended the Legislature return Schroer's nomination and proceed with the confirmation process for Sokolov.

The committee also recommended the Legislature confirm Sitka grocer Lloyd Hames as corrections commissioner.

Hames reaffirmed his support for the corrections industries program, which manufactures products for state agencies. The program has been criticized recently by businesses that compete for state purchases.

He said the program is an incentive for inmates to behave well, as only those with good behavior records are considered for the work, which pays a small wage.

"I certainly think we would be in horrible shape if we did not have these programs," Hames said.

Empire 4-18-91

# Longevity age limit proposal criticized

By MATT KOHLMAN  
The Associated Press

JUNEAU — Legislators and Gov. Wally Hickel's chief of staff criticized Administration Commissioner Millett Keller Thursday for his proposal to raise the minimum eligibility age for the longevity bonus to 75.

Keller made the proposal to the Senate State Affairs Committee earlier this week as a way to reduce the rising cost of the monthly \$250 payments to Alaskans over 65.

"He really was just throwing something out, saying,



Daily News file photo

Millett Keller

'Look, legislators, we have to look at doing something with the longevity bonus,'" Deputy Commissioner Robert Waldron said.

Keller suggested the idea during a hearing on Hickel's bill to raise the qualifying age to 67 and reduce the payment from \$250 to \$237.50 a month. No action was taken on the bill and legislators immediately dismissed the new proposal, which would keep payments at \$250.

"It was mentioned, but certainly there was no enthusiasm by members of the committee," said Sen. Pat Rodey, D-Anchorage and

committee chairman.

"I don't quite understand the logic of that if one of our attempts with the bonus is trying to encourage the seniors to stay in the state once they retire," Sen. Pat Pourchot, D-Anchorage, said.

Max Hodel, Hickel's chief of staff, said the governor also does not support raising the age limit to 75.

"Apparently Commissioner Keller doesn't understand the governor's position," Hodel said in a written statement Thursday. "As a matter of fact, in a recent letter to seniors, the governor said he would support full funding of the longevity bonus if that is what the seniors request."

Spokesmen for the elderly say that is precisely what seniors want.

Bill Ray, lobbyist for the 8,000-member Pioneers of Alaska, said the administration should quit trying to tinker with the program.

"Seniors like the program just the way it is," Ray said.

The longevity bonus program was started in 1972 to reward seniors who had lived in Alaska since statehood. That year the state paid \$100 monthly checks to seniors who had lived in the state for 30 years at a cost of \$346,100, Waldron said.

The residency requirement since has dropped to one year, and the payments have been raised to \$250 a month. Full funding for next year will run more than \$63 million.

# Hickel changes mind about longevity bonus

Times  
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ASSOCIATED PRESS

JUNEAU — Gov. Walter J. Hickel completed a 360-degree turn on cutting the longevity bonus program Tuesday, saying he will seek full funding of the program that provides free cash to elderly Alaskans every month.

The governor said, however, that he still wants to raise the eligibility age for the bonus from 65 to 67.

Hickel said in his campaign last fall that he would not cut the bonus. But when he unveiled his

fiscal 1992 state budget in January, he proposed a 5 percent, or \$12.50, cut in the \$250-a-month checks.

Groups representing the elderly objected, and Hickel said last month that he would discard the proposal if his fellow elderly Alaskans told him not to tamper with the \$60 million-a-year program.

Predictably, that's what they told him. The governor received about 1,600 letters, and they ran

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## Bonus

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about 100-to-1 against changes in the program, Hickel spokesman Eric Rehmann said.

Lawmakers had said there was virtually no chance they would have approved a cut in the

program this year anyway.

In a news release, the governor's office said the administration will consider proposals to make the longevity bonus an annuity to reduce the state's cost.

About 22,260 people are expected to receive the bonus in the coming fiscal year. The bonus is paid to anyone 65 or older, regardless of need.

# Administration considers merging state personnel offices

By RALPH THOMAS

THE JUNEAU EMPIRE

The Hickel administration is considering a plan to merge all of the state's personnel offices into a central hiring bureaucracy within the Department of Administration.

Each department now has its own personnel office, but David Otto, statewide personnel director, said Monday the administration is looking for ways to streamline state government — and consolidating personnel offices may be one way.

"It's been a topic of considerable discussion," Otto said.

In addition to reducing the number of personnel jobs, Otto said a central office would also give the administration "a greater degree of control and accountability" in the hiring process.

Mike Maher, deputy commissioner at the Department of Administration, said the decision on consolidation will turn on whether "the governor feels we don't have enough control over what's going on out there (in the departments)."

Rep. Bill Hudson, however, said he has been down the "centralization" path before, and all he found was a more cumbersome way of doing things.

"It's not a new subject," said Hudson, a three-term Juneau Republican. "It's been around as long as I've been in state government."

Hudson ran the Department of Administration from 1979 to 1982 under Gov. Jay Hammond.

During that time, Hudson said, the administration moved in the opposite direction, trying to make each department as self-sufficient as possible. He said strongly

## Keller apologizes for 'litmus test' memo

By MATT KOHLMAN

THE ASSOCIATED PRESS

Administration Commissioner Millett Keller has apologized for a recent memo in which he urged fellow commissioners to evaluate probationary employees on their commitment to the Hickel administration.

But state-employee union leaders are still leery and will look closely at any probationary dismissal, Buddy Maupin, business manager for the Alaska State Employees Association, said Monday. The union is the largest representing state employees.

Keller came under heavy criticism last week for his inemo saying probationary employees should be evaluated "to ensure that they are committed to the philosophy of the administration."

He later said he did not mean political beliefs, which he defined as partisan political values. Evalua-

tions, firings or hirings based on politics are against state law.

An example of philosophical firings would be someone who works in the Department of Natural Resources but does not advocate opening the Arctic National Wildlife Refuge for oil exploration, Keller said.

Gov. Walter J. Hickel's chief of staff, Max Hodel, responded that the administration was looking for employees who are committed to serving Alaska and have a strong work ethic.

In a letter to Maupin on Friday, Keller wrote that he subscribes to Hodel's position. He said his intention was to share the proper method of evaluating probationary employees.

"My cover memorandum was not well done and led to the misinterpretation of my intentions and,

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centralized systems are less responsive to the public and state agencies.

Hudson said his suggestion to the new administration is to keep the decentralized model and streamline operations within each department. With the power to appoint commissioners, he said the governor doesn't need more

control over hiring.

Otto said he has been studying Iowa's state government, where he said a similar move to create a central personnel office has been a big success. He said Iowa reduced its overall personnel staff by about 25 percent.

Alaska has more than 200 personnel workers in state

government.

There has been some resistance within state government to the idea of merging personnel offices, including some from employees who fear for their jobs, Otto said.

Some of that resistance flared at a personnel meeting March 28, after Otto confirmed that a consolidation plan was under consideration. But Otto said the resistance is natural, especially since the state has had the same system for so long.

"A lot of personnel people have been around a long time," he said.

Otto also said he expects some resistance from other department heads. "They may not feel they have the same control over the personnel offices that they're used to."

Maher said he has also heard talk of consolidating other administrative duties of individual departments, but he said those rumors have been "blown out of proportion."

Rep. Fran Ulmer and Sen. Jim Duncan, both Juneau Democrats, said they have asked Department of Administration Commissioner Millett Keller to brief them on any plans to reorganize state government.

Ulmer said today she is scheduled to meet with Keller on Wednesday.

Duncan said any major reorganizations should be well planned and then put in place through the legislative budget process.

Though the administration's proposal for a centralized personnel office would give the governor more control over personnel matters, Duncan has introduced a bill that would reduce that control.

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## Changes...

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Senate Bill 135, which has reached the Senate Finance Committee, would change the way the statewide personnel director is hired.

Under the current system, the state's personnel director is appointed by the administration. Under Duncan's plan, the director would be appointed by a five-member

personnel board — similar to the way commissioners are hired for the departments of Education and Fish and Game.

Duncan has said the bill would shield the personnel director and the state's merit system of employment from "political influence."

But Otto has testified against the bill, saying it will take away the governor's accountability and control in the hiring process.

## Test...

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fortunately, a great deal of controversy. I hope you will accept my sincere apology," he wrote.

But Maupin said he is unsure if the apology means Keller has changed his definition of political beliefs.

"It's not philosophy that will open up ANWR," Maupin said. "It's 51 votes in the U.S. Senate. And I defy anyone to tell me getting 51 votes in the U.S. Senate is not a political process."

"We carry out the policies established by officials. They have the right to establish policy and direct us to carry it out. They do not have the right to tell our employees what they do and do not think."

Keller was in Anchorage Monday and did not re-

turn phone calls to his office and home for comment.

Rep. Bill Hudson, II-Juneau and a former administration commissioner, said he feels more comfortable with the explanation than when he first read the memo.

"Clearly the reaction of the original suspected interpretation was helpful in laying out to the new administration the need to stay away from requiring any kind of a litmus test other than attentiveness and professionalism," Hudson said.

Keller's confirmation hearing before the Senate State Affairs Committee on Wednesday is expected to focus on the memo. But Sen. Pat Rodes, D-Anchorage and committee chairman, said Keller has been direct and honest with the Legislature so far and will likely be confirmed.