

Leg. Finance - House & Senate Finance Comte Files (1973-74)

HB 65am, HB 64, 63, 66

207



# RECORDS



# CERTIFICATION

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James A. Smith  
Signature of Camera Operator

4/26/89  
Date

# Committee Report

S E N A T E

2/22/73

3/1/73

Date

Mr. President:

The Committee on FINANCE has had HB 55 amended  
(supplemental approp. to Alaska State-Operated School System)  
under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached <sup>Senate</sup> amendment(s)
- recommends it be replaced with CS for \_\_\_\_\_ and that  
CS for \_\_\_\_\_ do pass
- (and) recommends it be referred to the \_\_\_\_\_  
committee
- reports it back without recommendation
- (other) with individual recommendations

MEMBERS SIGNING THE MAJORITY REPORT:

[Signature] \_\_\_\_\_  
[Signature] \_\_\_\_\_  
\_\_\_\_\_  
[Signature] \_\_\_\_\_

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

[Signature] recommends: NO. REC. WHY DID THIS HAPPEN?

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

[Signature]  
CHAIRMAN

A M E N D M E N T

Offered in the SENATE

By FINANCE

To: \_\_\_\_\_ SENATE BILL NO. \_\_\_\_\_

\_\_\_\_\_ HOUSE BILL NO. 55 at \_\_\_\_\_

AMENDMENT: Page 1 Line 13

Change \$1,302,500 to \$1,322,500

SENATE JOURNAL

FINANCE COMMITTEE REPORT

HB 65 am

The Finance Committee amendment will provide \$20,000 for multipurpose room floor improvements at Anderson.

Chairman

Introduced: 1/12/73  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 65

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the  
7 Alaska State-Operated School System; and providing for  
8 an effective date."

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

10 \* Section 1. The sum of \$661,600 is appropriated from the general fund to  
11 the Alaska State-Operated School System for the fiscal year ending June 30,  
12 1972.

13 \* Sec. 2. The sum of \$1,351,400 is appropriated from the general fund to  
14 the Alaska State-Operated School System for the fiscal year ending June 30,  
15 1973.

16 \* Sec. 3. This Act takes effect on the day after its passage and approval  
17 or on the day it becomes law without approval.

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Introduced: 1/12/73  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 65

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the  
7 Alaska State-Operated School System; and providing for  
8 an effective date."

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

10 \* Section 1. The sum of \$518,200 is appropriated from the general fund to  
11 the Alaska State-Operated School System for the fiscal year ending June 30,  
12 1972.

13 \* Sec. 2. The sum of \$1,302,500 is appropriated from the general fund to  
14 the Alaska State-Operated School System for the fiscal year ending June 30,  
15 1973.

16 \* Sec. 3. This Act takes effect on the day after its passage and approval  
17 or on the day it becomes law without approval.

Introduced: 1/12/73  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 65

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

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HOUSE BILL NO. 77 was referred to the Finance Committee.

The Finance Committee has had HOUSE BILL NO. 65 (making supplemental appropriations to the Alaska State-Operated School System; and providing for an effective date) under consideration and a majority of the members of the Committee recommends it do pass with the amendment offered on page 251 of the Journal. The report was signed by Mr. Hillstrand, Chairman, and concurred in by Hillstrand, Warwick, Freeman, Saylor, Haugen, Barber, Specking and Ferguson. HB  
65

HOUSE BILL NO. 65 was referred to the Rules Committee for placement on the calendar.

The Speaker stated that without objection, the Finance Committee report on HOUSE BILL NO. 65 would not be read and it would be printed in the Journal. There being no objection, it was so ordered and the report appears as follows:

"FINANCE COMMITTEE REPORT

on

HOUSE BILL NO. 65

February 19, 1973

The Honorable Tom A. Fink  
Speaker of the House

Subject: HOUSE BILL NO. 65 "An Act making supplemental appropriations to the Alaska State-Operated School System; and providing for an effective date."

In view of the controversy generated from consideration of paragraph #5 of our committee report on the above-identified measure, the committee respectfully requests its deletion from said report.

HB  
65

Earl D. Hillstrand  
Earl D. Hillstrand  
Chairman  
House Finance Committee

Ernie Haugen  
Ernie Haugen

Al Ose

Edward G. Barber  
Edward G. Barber

Bud Saylor  
Bud Saylor

Frank R. Ferguson  
Frank R. Ferguson

Keith Specking  
Keith Specking

Oral F. Freeman  
Oral F. Freeman

Andy Warwick  
Andy Warwick

The Finance Committee has had HOUSE BILL NO. 65 (making supplemental appropriations to the Alaska State-Operated School System; and providing for an effective date) under consideration and a majority of the members of the Committee recommends it do pass with the following amendment:

HB  
65

Amendment No. 1 by the Finance Committee:

Page 1, line 10: Change "\$661,600" to "\$518,200".

Page 1, line 13: Change "\$1,351,400" to "\$1,302,500".

The report was signed by Mr. Hillstrand, Chairman, and concurred in by Warwick, Freeman, Haugen, Specking, Ferguson, Ose and Hillstrand. Not concurring was Barber, who has no recommendation.

HOUSE BILL NO. 65 was referred to the Rules Committee for placement on the calendar.

The Speaker stated that without objection, the Finance Committee report on HOUSE BILL NO. 65 would not be read and it would be printed in the Journal. There being no objection, it was so ordered and the report appears as follows:

"FINANCE COMMITTEE REPORT

ON

HOUSE BILL 65

Section 1.

The Finance Committee recommends that a total supplemental general fund appropriation of \$518,200 be granted to State Operated Schools to cover actual overexpenditures for fiscal year 1972. This is a reduction of \$143,400 from the Governor's recommended supplemental of \$661,600. Comparison of the Governor's Recommendation and the Finance Committee Recommendation are as follows:

Unpaid Obligation	Governor's Recommnd.	Finance Comm. Rec.
University of Alaska	\$ 73,500	\$ 30,800
Division of Buildings	588,100	487,400
TOTAL	\$661,600	\$518,200

The Finance Committee has reduced the amount requested for the University of Alaska based upon revised information submitted by State Operated Schools. The committee recommendation will allow State Operated Schools to reimburse the University of Alaska for contractual obligations incurred in developing the Advisory School Board policy manual.

After reviewing the request for additional funds to pay obligations due the Division of Buildings for maintenance services to schools, it appears that inadequate requisition, work order, and billing procedures by both State Operated Schools and the Division of Buildings have contributed to this overexpenditure. State Operated Schools has satisfied this committee that these procedures have been improved and that newly instituted controls will ensure proper fiscal management.

HB  
65

The reason for reducing the Governor's request for this item is based upon State Operated Schools testimony that they authorized expenditure of only \$487,400. Therefore, the committee recommends a supplemental appropriation of \$487,400 for this item.

Section 2.

The committee recommends that a supplemental general fund appropriation of \$1,302,500 be authorized to cover anticipated overexpenditures for FY 1973. This reduction of \$48,900 from the Governor's recommendation was based upon revised information submitted by State Operated Schools.

Based upon the original Legislative Authorization for FY 1973 (Ch 204, SLA 1972), a detailed breakdown of the supplemental is as follows:

Item	FY 1973 Leg. Auth. (Ch 204, SLA 72)	Committee Recommend.	Revised FY 1973 Auth.
Personal Services	\$25,153,700	\$ 187,100	\$25,340,800
Travel	238,800	(58,500)	180,300
Contractual Services	4,500,000	2,158,000	6,658,000
Commodities	3,302,000	(486,200)	2,815,800
Equipment	987,500	(497,900)	489,600
Land	25,000	-0-	25,000
	<u>\$34,207,000</u>	<u>\$1,302,500</u>	<u>\$35,509,500</u>

Committee intent is as follows:

**PERSONAL SERVICES:** Allows \$22,100 for two new permanent positions @ 5 months each (Budget Officer; Director of Plant Facilities); allows \$165,000 to fund anticipated vacant position reduction to be withheld by the Department of Administration per Ch 204, SLA 1972 (Section 10). Other requested increases are disallowed.

**TRAVEL:** Allows \$169,000 for FY 1973 travel as requested in Revised Program 73-29. Allows additional \$11,300 for extra-curricular student travel.

**CONTRACTUAL SERVICES:** The committee has determined that contractual services were underfunded in FY 1973. Based upon FY 1972 actual expenditure records, the original \$4,500,000 FY 1973 appropriation will be expended upon the following fixed cost items:

Non-Resident Student Tuition	\$1,682,000
Building Maintenance	1,300,000
Building Utilities	1,100,000
Building Rents	275,000
ASHA Bonds	166,500
	<u>\$4,523,500</u>

Additional items allowed by the committee include:

Pupil Transportation	\$ 789,000
Fire Insurance	312,000
ARTTC--U of A & AMU contracts	275,000
Bilingual	80,000
Alaska Rural Schools Project	126,000
Home-Beltz High School	168,000

Instructional TV (Fairbanks, Borough contract)	40,000	HE
Exceptional Children	23,000	65
Central Office and Warehouse rent (PERCY, Food Services)	55,000	
Equipment rental	48,000	
Dept. of Admin., Data Processing	18,000	
Annual Audit	11,500	
Communications	84,000	
Freight	65,000	
	<u>\$6,658,000</u>	

**COMMODITIES:** The Revised FY 1973 Authorization is intended to cover only expenditures to date and to provide for emergency purchases.

**EQUIPMENT:** The Revised FY 1973 Authorization is intended to allow for only emergency purchases.

**GENERAL INTENT:** Based upon review of the causes that led to the current supplemental request, the committee recommends that the following administrative actions be implemented immediately to assure proper fiscal control of and accountability for the recommended supplemental:

1. The Department of Administration is directed to cooperate with State Operated Schools in developing a fiscal accounting and reporting system that will meet State Operated Schools criteria. The system shall provided State Operated Schools management with information that they require to properly administer the funds authorized and to carry out intent of items #2 through #4 which follow.

2. State Operated Schools is directed to improve enrollment projection procedures in order that more accurate budget requests shall be submitted in the future. In addition, it is recommended that future budgets or expenditure authorizations be based upon per pupil cost.

3. The State Operated Schools central administration shall establish procedures immediately which delegate the Regional Superintendents the responsibility for assuring that the Legislative Authorization is not overexpended in their allocations for overtime, temporary help, travel, contractual services, commodities and equipment categories. Regional Superintendents shall establish procedures that will ensure proper fiscal and administrative control by principals or head teachers within their region.

4. The State Operated Schools central administration shall take necessary personnel actions to ensure that the Legislative Authorization is not overexpended in the personal services category. Suggested actions include not filling certificated positions that become vacant. However, if vacancies must be filled, it shall be accomplished by transferring teachers between schools or assigning specialists to classroom duties. It is also suggested that these actions be taken primarily in the larger rural and military schools.

5. The committee recommended supplemental does not include additional general funds for the Bilingual program authorized by Ch 173, SLA 1972, for supplemental federal programs authorized after July 1, 1973, or for Ch 197, SLA 1972 (number of school board members).

6. State Operated Schools shall submit a written report to members of the Legislative Finance Committees within 30 days after this bill becomes law. The report shall outline the actions that have been taken and will be taken to implement the legislative intent.

HB  
65

*Earl D. Hillstrand*  
 EARL D. HILLSTRAND  
 For the Committee"

HB  
110

The Resources Committee has had HOUSE BILL NO. 110 (making a special appropriation to the Department of Public Safety, division of fish and wildlife protection, for the purpose of leasing a helicopter; and providing for an effective date) under consideration and a majority of the members of the Committee recommends it do pass with the following amendment:

Amendment No. 1 by the Resources Committee:

Page 1, lines 8 - 9: Delete "a helicopter" and insert "equipment".

Page 1, line 13: Delete "a helicopter" and insert "equipment".

Page 1, line 15: Delete everything after "Sec. 2." and insert "This Act takes effect on the day after its passage and approval or on the day it becomes law without approval."

The report was signed by Mr. McGill, Chairman, and concurred in by McGill, Hartig, Degan, Laktonen, Huber, Naughton and Guy. Not concurring were J. Miller, who recommends do not pass unless amended, and Wilson, who has no recommendation.

HOUSE BILL NO. 110 was referred to the Finance Committee.

The Speaker stated that without objection, the Resources Committee report on HOUSE BILL NO. 110 would not be read and it would be printed in the journal. There being no objection, it was so ordered and the report appears as follows:

"HOUSE RESOURCES COMMITTEE REPORT

on

HOUSE BILL NO. 110

The Resources Committee has met and approved HOUSE BILL NO. 110 intending that the monies be spent on a helicopter and other enforcement equipment badly needed for the Division of Enforcement, Department of Public Safety, enabling them to do a better job of enforcement of our fisheries in Alaska.

The Legislature of the State of Alaska  
 FISCAL NOTE  
 First Session - Eighth Legislature

I. REQUEST

Bill Identification: House Bill 65  
 Title: An act making supplemental appropriations to the AK State-operated Schools...  
 Requested by: Legislative Finance Date: 1/12/73  
 Return Date Requested: ASAP  
 Agency: Budget and Management Program: Pre-School Elementary and Secondary Education

II. FISCAL DETAIL

Budget Request Unit(s) Affected: \_\_\_\_\_

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 72	FY 73	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES	-0-	158.0	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	68.5	-0-	-0-	-0-	-0-
300 CONTRACTUAL	661.6	534.9	-0-	-0-	-0-	-0-
400 COMMODITIES	-0-	590.0	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	661.6	1,351.4	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND	661.6	1,351.4	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	2 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	10 / 0	0 / 0	0 / 0	0 / 0	0 / 0

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

See Attachment I

IV. ATTACHMENTS

Memorandums from Alaska State-operated Schools

V. DATE: 1/16/73

PREPARED BY: M. R. Charney, Director

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

## ATTACHMENT I

FY 1972 Request

<u>Budget Request Unit</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Balance</u>
Non-Resident Tuition	\$ 1,343,600	\$ 1,343,143	\$ 457
Area Schools	26,754,434	26,773,843	(19,409)
Bilingual Education	247,866	244,060	3,806
ARTTC	1,076,200	978,872	97,328
ARSP	140,934	140,934	-0-
Special Education	543,300	529,062	14,238
Central Office	<u>1,383,800</u>	<u>1,366,079</u>	<u>17,721</u>
TOTAL	\$31,490,134	\$31,375,993	\$114,141

## Unpaid Obligations:

To Vendors	48,816	
To University of Alaska	138,758	
To Division of Buildings	<u>588,122</u>	<u>(775,696)</u>
Additional Funding Required		661,555

FY 1973 Request

<u>Budget Categories</u>	<u>Original Legislative Appropriation</u>	<u>Revised Legislative Appropriation</u>	<u>Anticipated Expenditures</u>	<u>Projected Ending Balance</u>
100 Personnel Services New Positions (Budget Officer - Range 21 and Director of Plant Management, Range 24)	\$25,153.7	\$25,153.7	\$25,311.7	(\$ 158.0)
200 Travel	245.8	169.0	237.5	( 68.5)
300 Contractual Services	4,501.5	5,981.0	6,515.9	( 534.9)
400 Commodities	3,303.5	2,300.7	2,890.7	( 590.0)
500 Equipment	987.5	587.6	587.6	-0-
800 Land	<u>25.0</u>	<u>25.0</u>	<u>25.0</u>	<u>-0-</u>
	\$34,217.0	\$34,217.0	\$35,568.4	(\$1,351.4)

# STATE OF ALASKA

DEPARTMENT OF PUBLIC WORKS

OFFICE OF THE COMMISSIONER / POUCH Z — JUNEAU 99801

WILLIAM A. EGAN, GOVERNOR

February 14, 1973

Re: HB 65, Supplemental  
Appropriation, Alaska  
State-Operated Schools  
DB 19-0000

The Honorable Earl D. Hillstrand  
Alaska State Representative  
Pouch V  
Juneau, Alaska 99801

Dear Representative Hillstrand:

As a result of the House Finance Committee Hearings held on February 2 and 3, 1973, we are furnishing information concerning State-Operated Schools' supplemental request for \$588,122.00 for payment to the Division of Buildings.

In 1971, the Division of Buildings estimated that approximately \$2,043,541.00 would be required to perform an adequate maintenance program for State-Operated Schools in Fiscal Year 1972. State-Operated Schools, after the budget was approved, advised the Division of Buildings that approximately \$1,784,126.00 would be available for Fiscal Year 1972. The Division of Buildings developed a program to operate on the reduced expenditure.

State-Operated Schools was in financial difficulties in Fiscal Year 1972. The Division of Budget and Management informed State-Operated Schools that expenditures must be curtailed. It is our understanding that Mr. Jacobs, Division of Budget and Management, suggested that one area from which funds may be obtained was by curtailing the maintenance program. In March, 1972, Mr. Henry Gilbertson, Chief of Plant Maintenance and Operation for State-Operated Schools, contacted Mr. Albert Hookstra, Building Management Specialist II of the Division of Buildings, to determine if the maintenance program could be reduced. Based on information furnished by Mr. Hookstra, Mr. Gilbertson advised his superiors that the maintenance program could be reduced \$584,126.00. Unfortunately, Mr. Hookstra was in no position to furnish such information and had failed to include in his estimate the necessary additives for employees benefits, overhead, outstanding bills, and freight charges for delivering materials to the sites. Furthermore, Mr. Hookstra was unaware of the projects under contract and planned for contracts. His responsibilities were limited to routine maintenance by state forces and his estimate to Mr. Gilbertson only included work under his jurisdiction.

To compound the problem, Mr. Gilbertson did not believe it necessary to verify the estimate with Mr. Hookstra's immediate supervisor, Mr. Jesse Boyer, or with the Chief of Maintenance for the Division of Buildings. The reason given was that State-Operated Schools had to have the information immediately and there was no time to confer with superiors in the Division of Buildings. When Mr. Boyer returned to Anchorage after a few days in Juneau, he was informed the maintenance program had to be held to \$1,200,000.00. He reviewed Mr. Hookstra's work and found the estimate inaccurate. Mr. Boyer informed Mr. Gilbertson of the error and was told it was too late, the authorization had already been reduced. It should be remembered that all of this action occurred within a few days.

After Mr. Boyer informed Mr. Gilbertson that the estimate furnished by Mr. Hookstra was inaccurate, a conference was held in Anchorage. Mr. Boyer and Mr. Hookstra represented the Division of Buildings and Mr. Donald Breimo, Mr. G. Lee Hayes and Mr. Henry Gilbertson represented State-Operated Schools. Mr. Boyer informed State-Operated Schools that maintenance would be curtailed but to complete necessary work, pay outstanding bills, and meet payrolls, an additional estimated \$50,000.00 would be needed. Mr. Breimo assured Mr. Boyer that for work that was necessary and authorized by State-Operated Schools, an expenditure over and above the \$1,200,000.00 would be allowed and the Division of Buildings would be reimbursed accordingly. Mr. Breimo stated that Mr. Gilbertson would be authorized to approve all expenditures after March 17, 1972, and that Mr. Gilbertson's authorization would be honored. Unfortunately, the agreement was not reduced to writing but Mr. Gilbertson's authorization does appear on all subsequent work orders and purchases. State-Operated Schools was, therefore, aware that an over expenditure would occur, was necessary, and was authorized by them.

The Division of Buildings reduced the maintenance program but expenditures had been incurred which could not be reduced. Materials were on order, in shipment, and some projects in progress had to be completed. When the Fiscal Year ended, the Division of Buildings had held expenditures to \$1,300,877.23 against a reduced authorization of \$1,200,000.00.

State-Operated Schools, however, was unable to honor the reduced program of \$1,200,000.00. The following table recapitulates the cash flow involved.

Fiscal Year 1972 Authorization	\$ 1,784,126.00
Reduced in March	- 584,126.00
Revised Authorization	<u>\$ 1,200,000.00</u>
Expenditures incurred by Buildings	\$ 1,301,380.63
S.O.S. reimbursed Buildings in 1972	- 712,601.00
Supplemental Request Required	<u>\$ 588,779.63</u>

February 14, 1973

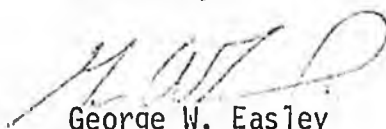
The Division of Buildings' records show the supplemental request should be \$588,779.63 instead of the \$588,122.00 requested by State-Operated Schools.

The Division of Buildings, in the past, has billed State-Operated Schools once at the end of the Fiscal Year. Even though the maintenance program was reduced by \$584,126.00, the Division of Buildings has had a total maintenance budget of over \$3,300,000.00. All charges going into the accounting system were against the \$3,300,000.00. No over expenditure was ever indicated on the accounting records for the Division of Buildings because as far as the computer knew, there was money available. Therefore, the various vendors have all been paid and there are no outstanding bills.

In reviewing the circumstances as contained in this letter, I find that Mr. Hookstra was in error in failing to immediately contact the Director of Buildings when the nature of the request of Mr. Gilbertson was made known. I am not confident, however, that by so doing, he would have altered the expenditure of \$1,301,380.63. It could, obviously, not have changed the amount of funds available.

This represents the facts of the matter as they relate to the over expenditure by the Division of Buildings.

Sincerely,



George W. Easley  
Commissioner

cc: Mr. Stanley H. Freise  
Superintendent  
State-Operated Schools

STATE  
of ALASKA

# MEMORANDUM

TO: Myrton R. Charney, Director  
Division of Budget and Management  
Department of Administration

DATE: November 15, 1972

FROM: Stanley Friese  
Superintendent  
Alaska State-Operated School System

SUBJECT: Supplemental Appropriation -  
FY 1972 Changes

*HR 65*

*661.6 - Final*

The most recent accounting information received on Fiscal Year 1972 expenditures indicates that an additional \$560,832 must be requested before remaining obligations to the State Division of Buildings and the University of Alaska can be paid by Alaska State-Operated Schools.

A summary of the 1972 Budget Request Units, expenditures and unpaid obligations is shown on Attachment I. A positive balance of \$114,141 is sufficient to liquidate all outstanding obligations to vendors as soon as receiving reports and invoices are received by this office. However, only \$65,325 remains to pay contracts totaling \$138,758 with the University and \$487,399 with the Division of Buildings.

The primary reasons for the financial difficulties experienced in 1972 can be attributed essentially to Contractual Services in the Area Schools BRU. Attachment II summarizes the major contractual expenditure categories. With the exception of utilities, the budget originally submitted by Alaska State-Operated Schools would have been sufficient. The budget figure for utilities was suggested by the Department of Education and it was not until September of this year that the actual amount was known to us. In addition to being underfunded for utilities, the Governor's budget request for Alaska State-Operated Schools was reduced by \$1,000,000, requiring an additional \$375,300 cut in Contractual Services by this office.

SF:jle

Attachments

S. F.



ALASKA STATE-OPERATED SCHOOLS  
 1972 BUDGET AND EXPENDITURES  
 (Excluding Supplemental Federal Programs)

<u>Budget Request Unit</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Balance</u>
Non-Resident Tuition	\$ 1,343,600	\$ 1,343,143	\$ 457
Area Schools	26,754,434	26,773,843	(19,409)
Bilingual Education	247,866	244,060	3,806
ARTC	1,076,200	978,872	97,328
ARSP	140,934	140,934	-0-
Special Education	543,300	529,062	14,238
Central Office	<u>1,383,800</u>	<u>1,366,079</u>	<u>17,721</u>
TOTAL	\$31,490,134	\$31,375,993	\$114,141

Unpaid Obligations:

To Vendors	48,816	
To University of Alaska	138,758	(775,696)
To Division of Buildings	487,399	(674,973)
	<u>500,000</u>	
Additional Funding Required		<u>661,555</u> <u>(-560,832)</u>

*what?*  
 Total 1,200.0 encumbrances?

billed 1,305,250  
 1,062,601 general maint.  
242,649

S.O.B. 207-1213,601  
 350,000 processed special 1973  
 + then reversed

1,700,000  
 1,062,601  
137,399

rec'd by school

AREA SCHOOLSCONTRACTUAL SERVICES

<u>Major Expenditures</u>	<u>Budget Submitted by ASOSS</u>	<u>Actual 1972 Expenditures</u>	<u>Difference</u>
Rents & Leases	\$ 274,800	\$ 286,069	\$ (11,269)
ASHA Bond Payments	199,600	167,459	32,141
Freight	111,450	65,567	45,883
Repairs	89,975	26,978	62,991
Telephone & Postage	49,725	84,163	(34,438)
Fire Insurance	182,200	295,880	(113,680)
Other Contractual	213,150	179,850	33,300
Savings			14,928
Utilities	<u>654,400</u>	<u>1,050,932</u>	(396,592)
Subtotal	\$1,775,300	\$2,156,958	\$(381,658)
Legislative Reduction	(375,300)		(375,300)
Budget Reallocation	<u>129,800</u>	<u>          </u>	<u>129,800</u>
Totals	\$1,529,800	\$2,156,958	\$(627,158)





# RECORDS



# CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

4/26/89  
Date

"An Act making a supplemental appropriation to the University of Alaska; and providing for an effective date."

# COMMITTEE REPORT

1-12-73

HOUSE

Mr. Speaker:

Date 3-20-73

The Committee on FINANCE has had HB 64

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR HC 67 AND THAT  
CS FOR HC 67 DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
_____	<u>[Signature]</u>	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____

Members NOT concurring in the Majority report:

_____	recommends:	
<u>[Signature]</u>	recommends:	<u>[Handwritten note]</u>
<u>[Signature]</u>	recommends:	<u>[Handwritten note]</u>
_____	recommends:	
_____	recommends:	

[Signature] Chairman

Introduced: 1/12/73  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 64

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 University of Alaska; and providing for an effective  
8 date."

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

10 \* Section 1. The sum of \$1,668,000 is appropriated from the general fund  
11 to the University of Alaska for the fiscal year ending June 30, 1973.

12 \* Sec. 2. This Act takes effect on the day after its passage and approval  
13 or on the day it becomes law without approval.

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FINANCE COMMITTEE REPORT

ON

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 64

The House Finance Committee recommends that the following items be allowed:

Employee Contribution Matching Rate for Retirement	\$280,000
Unusual winter	100,000
FY 1971 over-expenditure in Southcentral Region	<u>631,000</u>
Total	\$1,011,000

The following items were disallowed:

Increased Insurance Premiums The University of Alaska shall attempt to collect the payment for increased premiums and shall report back to the next session of the legislature	\$114,000
Department of Natural Resources Account Receivable The University of Alaska shall attempt to collect this amount from the Department of Natural Resources	57,000
Fiscal Year 1972 Over-expenditure by Southcentral Region The Annual Financial Report for FY 72 indicates that the University of Alaska had a surplus of \$48,000; therefore, the request to partially recover this over-expenditure is disallowed.	486,000

---

Earl D. Hillstrand  
For the Committee

Original sponsor: Rules Committee by  
Request of the Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 64

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 University of Alaska; and providing for an effective  
8 date."

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

10 § Section 1. The sum of \$1,011,000 is appropriated from the general fund  
11 to the University of Alaska for the fiscal year ending June 30, 1973.

12 § Sec. 2. This Act takes effect on the day after its passage and approval  
13 or on the day it becomes law without approval.

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BILL ASSIGNMENT

TO: Rep. Ose  
subcommittee members  
Rep. Barber and Rep. Specking

FROM: E. D. Hillstrand  
Chairman  
House Finance Committee

BILL NO.: HOUSE BILL NO. 64

TITLE: Supplemental to Univ. of Alaska

DATE OF ASSIGNMENT: January 15, 1973

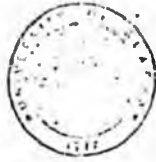
COMMENTS

This bill has been referred to you for your review and research and eventual presentation to the committee for their consideration.

Messrs. Barber and Specking are assigned to assist you in this matter. It is requested that this petition for a deficiency be reviewed in depth. Mr. Guthrie of the staff is reported to be acquainted with most of the details.

HB 64 Mr. Ose said he is working on HOUSE BILL 64 (Supplemental to University of Alaska) and hopefully will have this information by Tuesday (January 23). *1/18/73*

WILLIAM N WOOD  
PRESIDENT



UNIVERSITY OF ALASKA  
OFFICE OF THE PRESIDENT  
COLLEGE, ALASKA  
October 27, 1972

1) we handle insurance for it.  
2) they interpret const. (p) states as  
not allowing expenditures beyond  
appropriations  
3) we appropriate all money - fed -  
state & other  
HB 64



RECEIVED  
NOV - 1 1972  
GOVERNOR'S OFFICE

The Honorable William A. Egan  
Governor of Alaska  
Pouch A  
Juneau, Alaska 99801

Dear Governor Egan:

As you are aware, the financial statements of the University shows a deficit which, although small when compared to the total annual operating expenditures, presents serious difficulties in progressive budgeting and aggravates the cash flow problem.

The origin of this deficit, accumulated mostly in 1971 and 1972, is complex and in analysis was generally beyond the University's control. It can be broken down into the following three contributing factors:

1. The request by the University auditors for recognition of the accrued annual leave that had been accumulated over the years by the employees of the University. This currently amounts to approximately \$940,000.
2. Other events occurred that caused us to spend approximately \$551,000 of monies that were not anticipated at the time of developing the budget. This information is covered in a letter to Commissioner Joseph R. Henri, dated February 16, 1971, which is attached.
3. The University administration did not anticipate the full extent of demand in the Anchorage area for educational programs or the cost of operating the new physical facilities made available by the people of the State of Alaska. As a result, the expenditures exceeded the funds available by \$631,000 for fiscal year 1971.

In 1972, demands in Anchorage again exceeded budget allowances to the extent of \$685,000. The fact that the total receipts and disbursements in that year balanced indicates the many difficult decisions made by the Board of Regents

*Alaska  
fund?*

UNIVERSITY OF ALASKA

The Honorable William A. Egan

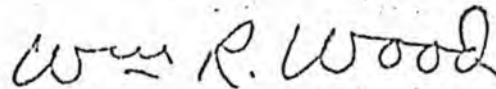
-2-

October 27, 1972

during the year and the heavy drain placed on the quality of other justified and approved programs within the University. This represents a loss that cannot be made good by redistribution of funds within the strictures you have wisely placed on total State spending.

After long deliberation, the Board of Regents instructed me to request your assistance in rectifying this situation through a supplemental appropriation in the amount of \$2,608,022 early in the 8th Legislature.

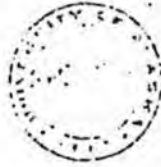
Sincerely,

A handwritten signature in cursive script that reads "Wm R. Wood".

William R. Wood  
President

WRW:cb

Attachment



UNIVERSITY OF ALASKA  
COLLEGE, ALASKA 99701

February 16, 1971

Commissioner Joseph R. Henri  
Department of Administration  
State of Alaska  
Pouch C  
Juneau, Alaska 99801

Dear Commissioner Henri:

This is to request that the University of Alaska be authorized a supplemental appropriation for fiscal year 1970-71 for the following reasons:

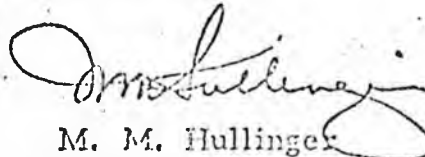
1. On June 23, 1970, a memorandum was issued by the Commissioner of Administration establishing the employee matching contribution rates for the staff retirement to be effective July 1, 1970. The effect of this change to the University, subsequent to the working budget approval, is projected to cost \$280,000.
2. In fiscal year 1969-70, the University paid \$135,000 in premiums for its insurance. In developing the 1970-71 working budget, it was estimated that as a result of the increased value of University assets, and losses suffered nationally by insurance companies, the annual premium would approximate \$205,000. In late July, the results of our negotiation with the insurance company indicated that our premium for the year would amount to \$319,000, or \$114,000 in excess of our estimates.
3. The unusual winter (snow in excess of 114 inches and extended periods of below zero temperatures) has made excessive demands on our budgets for reasons of employee overtime and rental of additional equipment for snow removal, heating costs, and numerous repairs to the heating and water systems at an estimated cost of \$100,000.

Commissioner Joseph R. Henri  
February 16, 1971  
Page Two

4. The cost of preparing office space for the Department of Natural Resources on the College campus, at the request of the Governor, in the amount of \$118,146.95 (less a payment by the Department of \$61,000) has caused the University to absorb an unbudgeted charge in the amount of \$57,146.95.

For the reasons presented, we are requesting additional funds in the amount of \$551,146.95. These amounts can be substantiated by specific details. Please let me know if there is additional information you need prior to honoring this request.

Sincerely,



M. M. Hullinger  
Vice President for Finance  
and Comptroller

alh

WILLIAM P. WOOD  
PRESIDENT



UNIVERSITY OF ALASKA  
OFFICE OF THE PRESIDENT  
COLLEGE, ALASKA  
October 24, 1972

RECEIVED  
OCT 30 1972  
GOVERNOR'S OFFICE

The Honorable William A. Egan  
Governor of Alaska  
Pouch A  
Juneau, Alaska 99801

Dear Governor Egan:

The Board of Regents has requested that I secure your assistance in obtaining legislation to establish a working capital fund for the University.

Such a fund would be a fixed liability on the books of the University, and would not be used as a part of the annual operating budget. The University, like any other ongoing organization, has current assets other than cash, such as petty cash funds, accounts receivable and inventories. A working capital fund is necessary to provide the monies for payment of the amounts owed vendors when such charges are due.

I am enclosing a copy of a letter to Mr. Hullinger by Commissioner Henri, dated April 4, 1972, indicating your endorsement of the working capital fund concept, and that you would be receptive to the introduction of such legislation during the first session of the 8th Legislature. At that time, Commissioner Henri recommended the appropriation of \$600,000, with the possibility of another \$600,000 in the following year. Your consideration to combine these two appropriations, and provide \$1,200,000 at this time would be greatly appreciated.

I am enclosing a copy of an analysis of the actual cash balances covering the last quarter of the 1972 fiscal year for your information. This analysis of cash balances shows why we had difficulties during the last four months of the fiscal year and why we are unable to pay bills or satisfy the requests from vendors during this period.

We sincerely appreciate any assistance that you can provide and assure you that we will continue to do everything possible to enhance the long standing reputation of the University of Alaska as being a responsible entity within the total operating activity of the State of Alaska.

Sincerely,

A handwritten signature in cursive script that reads "William R. Wood".

William R. Wood  
President

cc: Commissioner Henri

# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

FOUCH C — JUREAU 99801

4 April 1972

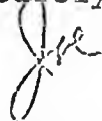
Mr. Max Mullinger  
University of Alaska  
P. O. Box 127  
College, Alaska 99701

Dear Max:

Enclosed herewith are drafts of the two bills relating to a working capital fund for the University, one creating the fund, and the other appropriating \$600,000. We feel it is too late in the session for the administration to introduce these this year. Governor Egan endorses the concept, and will introduce the legislation in the first session of the eighth legislature. Furthermore, we would not voice administrative objection were you to find an independent sponsor from among the legislative membership.

With kind regards, I remain

Sincerely yours,



JOSEPH R. HENRI  
Commissioner

JRH/kh

cc: Honorable William A. Egan

IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTH LEGISLATURE - SECOND SESSION

A BILL

for an Act entitled: "An Act establishing a working capital reserve fund for the University of Alaska; and providing for an effective date."

IF ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

" Section 1. AS 14.40 is amended by adding a new section to read:

Sec. 14.40.295. WORKING CAPITAL RESERVE FUND. There is established in the treasury of the University of Alaska the University of Alaska working capital reserve fund. The fund consists of money appropriated by the state for the purpose of providing current working capital for the University of Alaska and is not available for appropriation by the Board of Regents.

" Sec. 2. This Act takes effect on the day after its passage and approval on the day it becomes law without approval.

IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTH LEGISLATURE - SECOND SESSION

A BILL

for an Act entitled: "An Act appropriating to the University of Alaska working capital reserve fund and providing for an effective date."

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

\* Section 1. The sum of \$600,000 is appropriated from the general fund to the University of Alaska working capital reserve fund established in AS 14.40.295.

\* Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

UNIVERSITY OF ALASKA

Actual Cash Balances 1972

	April	May	June
Cash Balance per books	<u>\$(1,256,529.24)</u>	<u>\$(1,174,219.77)</u>	<u>\$(2,126,307.57)</u>
Receipts:			
State Appropriation	1,283,000.00	1,284,000.00	-0-
Grants & Contracts	1,863,905.06	997,047.47	593,998.43
Other	<u>465,121.41</u>	<u>477,487.12</u>	<u>1,555,701.04 *</u>
Total Receipts	<u>3,611,926.47</u>	<u>2,758,534.59</u>	<u>2,149,699.47</u>
Cash Available	<u>2,355,397.23</u>	<u>1,584,314.82</u>	<u>23,391.99</u>
Disbursements:			
Gross Payroll	1,964,777.36	2,128,797.42	1,659,344.68
Other	<u>1,624,039.70</u>	<u>1,581,834.97</u>	<u>1,847,138.14</u>
Total Expenditures	<u>3,529,617.00</u>	<u>3,710,622.39</u>	<u>3,497,482.82</u>
Ending Balance	(1,174,219.77)	(2,126,307.57)	(3,474,090.92)

\* Includes \$975,000 of the 1.9 million received to purchase the AMU land.

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

November 24, 1972

Dr. William R. Wood  
President  
University of Alaska  
College, Alaska 99701

Dear President Wood:

I have spent the past few days giving careful thought to your letters of October 24 and 27. As you will recall, these letters dealt with a working capital fund for the University and a request for consideration of a supplemental appropriation.

As you know, I am in agreement with the concept of a working capital fund. At this moment I intend to introduce legislation to create a working capital reserve. I feel it would be less strenuous on the State's budget if we were able to build the fund gradually over a period of fiscal years. Until the overall State budget is completed, I cannot determine what amount would be requested from the Legislature.

I had discussed the supplemental appropriation at length with Commissioner Henri and other budget personnel in the Department of Administration. Upon very definite evidence that the University's deficit cannot be otherwise resolved, I will give careful consideration to a supplemental request from the First Session of the Eighth Legislature. Both Commissioner Henri and I agree that any thought given to a supplemental request would be greatly influenced by your position and that of the Regents to three stipulations:

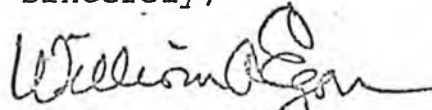
1. That the Fiscal Year 1974 State budget and all succeeding budgets entail the appropriation of all University money. In this we specifically mean money from the State General Fund, anticipated Federal receipts, and any other revenue source.
2. That the Board of Regents by formal resolution express the understanding of the University that pursuant to the Constitution of the State and the pertinent statutes, the University cannot expend beyond legislative appropriations any more than can any State agency.

November 24, 1972

3. Should it be determined clearly that significant savings can be realized to the State by the utilization of the Department of Administration's marketing of University insurance, the University will agree to this procedure beginning in the 1974 fiscal year.

It is my understanding that a meeting of the Board of Regents is scheduled for November 30. I would hope that the subjects set out above will be discussed. Let me assure you of my personal commitment to insuring orderly, controlled progress throughout our State Government, and most particularly the University System.

Sincerely,



William A. Egan  
Governor

The Legislature of the State of Alaska  
 FISCAL NOTE  
 First Session - Eighth Legislature

I. REQUEST

Bill Identification: House Bill 64  
 Title: An act making a supplemental appropriation to the University of Alaska  
 Requested by: Legislative Finance Date: 1/12/73  
 Return Date Requested: ASAP  
 Agency: Budget and Management Program: Post-Secondary and Adult Education

II. FISCAL DETAIL

Budget Request Unit(s) Affected: ALL - University of Alaska

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
Other (See Below)	1,688.0	-0-	-0-	-0-	-0-	-0-
TOTAL	1,688.0	-0-	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND	1,688.0	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0

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

The University, while operating in the black during FY 72, continues to show an accumulated deficit from prior years in its annual audit report of \$2,608,000. This amount is essentially made up of the following items:

Reserve for Bad Debts	\$350,000	Reserve for Encumbrances	\$388,000
Reserve for Accrued Leave	\$940,000	Operating Losses	\$930,000

After consultation with University officials and the Certified Public Accountants performing the most recent audit, the administration believes that the University has now established sufficient accounting controls (as evidenced by their performance in FY 72) to prevent further overexpending. We believe the slate should now be wiped clean on past errors, however we also believe that the full deficit is not worthy of funding. We disagree that the Reserve for Accrued Leave is a proper liability against prior appropriations - but against future appropriations. Accordingly it is recommended that only the three remaining items, totaling \$1,668,000, be funded.

IV. ATTACHMENTS

V. DATE: 1/16/73 PREPARED BY: M. R. Charney, Director

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)



# Alaska State Legislature

631.0  
286

## Senate

JUNEAU, ALASKA

### MEMORANDUM

TO: Legislative Finance Committees

DATE: 1/26/73

FROM: Rich Guthrie,  
Fiscal Analyst *RG*

SUBJ: U. of A. Supplemental -  
HB 64; Comments on U.  
of A. Letter of 10/27/72

FUNDS REQUESTED	OVEREXPENDITURE ITEM	COMMENTS
-----------------	----------------------	----------

OUT

\$ 940.0	Accrued annual leave	Disallowed by Governor in order that U. of A. policy regarding annual leave will be consistent with that of state agencies.
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(See memo of 2/16/71 for breakdown of \$551.0 request)

OK

\$ 280.0	Staff retirement employee contribution matching rate	Classified employees rate raised from 7% to 8% by Ch 109, SLA 1970. Signed by Governor on 5/6/70. Teachers rate raised from 2.5% to 3.5% by Ch 138, SLA 1970. Signed by Governor on 5/20/70. Both bills signed early enough to allow 1% adjustment in working budget?
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OK

\$ 114.0	Increased insurance premiums	Memo states that \$319.0 required for FY 71 insurance premium. However, only \$272.1 budgeted for FY 72 (ref. p. 891, FY 73 budget). Why less in FY 72 in spite of additional property?
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OK

\$ 100.0	Unusual winter	(no comment)
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OK

\$ 57.0	Remodeling office space for Dept. of Natural Resources	Not properly chargeable to the U. of A? Why hasn't Natural Resources paid the balance? Supplemental to Natural Resources instead?
---------	--	---

*Attempt to collect & report back next session - documentation.*

*Collect from Nat. Res. & if not collected before next session, report back.*

FUNDS REQUESTED	OVEREXPENDITURE ITEM	COMMENTS
\$ 631.0	FY 71 overexpend. by Southcentral Region (primarily Anchorage)	<p>Reported causes:</p> <ol style="list-style-type: none"> <li>1. Central business office at Fairbanks</li> <li>2. Delayed mailing of invoices from Anchorage to Fairbanks.</li> <li>3. Inadequate purchasing requisition &amp; control procedures.</li> <li>4. Inadequate monthly financial reporting procedures.</li> <li>5. Change in student enrollment characteristics from part-time to more full-time --- resultant loss in fees collected per FTE student.</li> </ol> <p>Present actions to correct causes:</p> <ol style="list-style-type: none"> <li>1. Decentralization --- business manager and registrar for Southcentral Region.</li> <li>2. Southcentral now responsible for fiscal control.</li> </ol>
-0- \$ 685.0	FY 72 overexpend. by Southcentral Region (Anch)	<p>Why overexpended two years in a row? Corrective actions adequate? FY 73 predictions?</p> <p>The <u>total</u> U. of A. appropriation was <u>not</u> overexpended in FY 72. Funds were transferred from the Northern Region to cover the overexpenditure in Southcentral.</p>

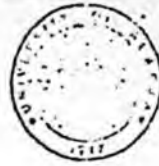
OK

*Ann. Fin.  
FY 1972  
Surplus \$48,000*

TOTAL FUNDS REQUESTED:	\$ 2,807.0
REGENTS' REDUCTION (unexplained):	<u>(199.0)</u>
REGENTS' REQUEST:	\$ 2,608.0
GOVERNOR'S REDUCTION:	<u>(940.0)</u>
GOVERNOR'S RECOMMENDATION:	\$ 1,668.0
LEGISLATIVE RECOMMENDATION: (intent, adjustments)	<u>114.0</u> 1,554.0 57.0 <u>1,497.0</u>

*1497  
1,011  
486*

WILLIAM R WOOD  
PRESIDENT



UNIVERSITY OF ALASKA  
OFFICE OF THE PRESIDENT  
COLLEGE, ALASKA  
October 27, 1972

1) they interpret const. of state as  
not allowing expenditures beyond  
appropriations  
3) we appropriate all money - fed -  
state & other  
HB 64



RECEIVED  
NOV - 1 1972  
GOVERNOR'S OFFICE

The Honorable William A. Egan  
Governor of Alaska  
Pouch A  
Juneau, Alaska 99801

Dear Governor Egan:

As you are aware, the financial statements of the University shows a deficit which, although small when compared to the total annual operating expenditures, presents serious difficulties in progressive budgeting and aggravates the cash flow problem.

The origin of this deficit, accumulated mostly in 1971 and 1972, is complex and in analysis was generally beyond the University's control. It can be broken down into the following three contributing factors:

1. *To be handled same as state - use VTO funds available on annual basis.*  
The request by the University auditors for recognition of the accrued annual leave that had been accumulated over the years by the employees of the University. This currently amounts to approximately \$940,000. *Gov. deleted.*
2. Other events occurred that caused us to spend approximately \$551,000 of monies that were not anticipated at the time of developing the budget. This information is covered in a letter to Commissioner Joseph R. Henri, dated February 16, 1971, which is attached.
3. The University administration did not anticipate the full extent of demand in the Anchorage area for educational programs or the cost of operating the new physical facilities made available by the people of the State of Alaska. As a result, the expenditures exceeded the funds available by \$631,000 for fiscal year 1971. *(See "Causes" on R. Guthrie notes)*

In 1972, demands in Anchorage again exceeded budget allowances to the extent of \$635,000. The fact that the total receipts and disbursements in that year balanced indicates the many difficult decisions made by the Board of Regents

to Honorable William A. Egan

-2-

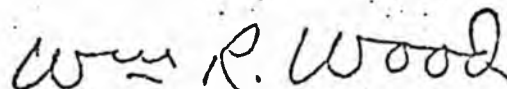
October 27, 1972

during the year and the heavy drain placed on the quality of other justified and approved programs within the University. This represents a loss that cannot be made good by redistribution of funds within the strictures you have wisely placed on total State spending. *Total approp. for FY73 not overexpended -*

*programs cut back in No. Region (Fbx) to cover Anc. overexpand.*

After long deliberation, the Board of Regents instructed me to request your assistance in rectifying this situation through a supplemental appropriation in the amount of \$2,608,022 early in the 8th Legislature.

Sincerely,



William R. Wood  
President

WRW:cb

Attachment



UNIVERSITY OF ALASKA  
COLLEGE, ALASKA 99701

February 16, 1971

Commissioner Joseph R. Henri  
Department of Administration  
State of Alaska  
Pouch C  
Juneau, Alaska 99801

Dear Commissioner Henri:

This is to request that the University of Alaska be authorized a supplemental appropriation for fiscal year 1970-71 for the following reasons:

Signed 6/20/70 - Benefits from 5% - 7% for teachers by Ch 138, SEA 1970  
Signed 6/6/70 - Benefits from 7% - 8% for classified by Ch 109, SLA 1970

1. On June 23, 1970, a memorandum was issued by the Commissioner of Administration establishing the employee matching contribution rates for the staff retirement to be effective July 1, 1970. The effect of this change to the University, subsequent to the working budget approval, is projected to cost \$280,000.

NOTE: Only <sup>allotted &</sup> ~~from~~ \$272.1 (FY72 Auth.)  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
(Ref: p 891, FY 73 Budget Work book)

In fiscal year 1969-70, the University paid \$135,000 in premiums for its insurance. In developing the 1970-71 working budget, it was estimated that as a result of the increased value of University assets, and losses suffered nationally by insurance companies, the annual premium would approximate \$205,000. In late July, the results of our negotiation with the insurance company indicated that our premium for the year <sup>FY 1971</sup> would amount to \$319,000, or \$114,000 in excess of our estimates.

3. The unusual winter (snow in excess of 114 inches and extended periods of below zero temperatures) has made excessive demands on our budgets for reasons of employee overtime and rental of additional equipment for snow removal, heating costs, and numerous repairs to the heating and water systems at an estimated cost of \$100,000.

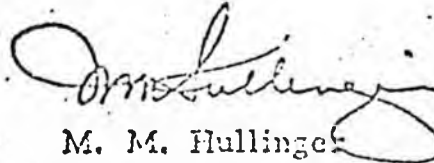
Commissioner Joseph R. Henri  
February 16, 1971  
Page Two

4. The cost of preparing office space for the Department of Natural Resources on the College campus, at the request of the Governor, in the amount of \$118,146.95 (less a payment by the Department of \$61,000) has caused the University to absorb an unbudgeted charge in the amount of \$57,146.95.

*Chg to Dept.  
of Nat. Res. ?*

For the reasons presented, we are requesting additional funds in the amount of \$551,146.95. These amounts can be substantiated by specific details. Please let me know if there is additional information you need prior to honoring this request.

Sincerely,



M. M. Hullinger  
Vice President for Finance  
and Comptroller

alh



# RECORDS



# CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

4/26/89  
Date

"An Act making a supplemental appropriation to the Department of Administration for the teachers' retirement system; and providing for an effective date."

# COMMITTEE REPORT

1-12-73

HOUSE

Mr. Speaker:

Date \_\_\_\_\_

The Committee on FINANCE has had HB 63

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

Introduced: 1/12/73  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 63

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 Department of Administration for the teachers'  
8 retirement system; and providing for an effective  
9 date."

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

11 \* Section 1. The sum of \$524,200 is appropriated from the general fund to  
12 the Department of Administration to supplement the state contribution to the  
13 teachers' retirement system for the fiscal year ending June 30, 1973.

14 \* Sec. 2. This Act takes effect on the day after its passage and  
15 approval or on the day it becomes law without approval.

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BILL ASSIGNMENT

TO: Rep. Ose

FROM: E. D. Hillstrand  
Chairman  
House Finance Committee

BILL NO.: HOUSE BILL NO. 63

TITLE: Supplemental to Administration, Teachers Retirement

DATE OF ASSIGNMENT: January 15, 1973

COMMENTS

This bill has been referred to you for your review and research and eventual presentation to the committee for their consideration.

It would be helpful to the committee at some time within the current legislative session to review the policy of the investment of retirement funds; i.e., "the advisability of continued investing in corporate bonds and stock." Keeping in mind also that the law may very well read the fund is improved to the extent of the profits or investments subject to some administrative charges and also protected by general law provisions. Require General Fund to make up for any losses. On the face it would appear the retirement fund enjoys the best of two worlds. For that reason suggest you give this question some thought of bringing it before the committee as a matter of policy to be considered.

HB 63 Mr. Ose said that he has not been able to begin work on HOUSE BILL 63 (Supplemental to Administration, Teachers Retirement). He said he would try to be ready for his presentation before the committee by the following Friday (January 26).

1/18/73

The Legislature of the State of Alaska  
 FISCAL NOTE  
 First Session - Eighth Legislature

I. REQUEST

Bill Identification: House Bill 63  
 Title: An act making a supplemental appropriation for Teacher's Retirement  
 Requested by: Legislative Finance Date: 1/12/73  
 Return Date Requested: ASAP  
 Agency: Budget and Management Program: Pre-School, Elementary and Secondary Education

II. FISCAL DETAIL

Budget Request Unit(s) Affected: I, A, 2

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES	524.2	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	524.2	-0-	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND	524.2	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0

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

Total Teachers' Payroll	\$64,600.0
Contribution rate 5%	X.05
Contributions	\$3,230.0
Arrearages	300.0
Total Contributions	\$3,530.0
Less FY '73 Appropriation	3,005.8
Supplemental Required	\$ 524.2

IV. ATTACHMENTS

V. DATE: 1/16/73

PREPARED BY: M. R. Charney, Director

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)



# LAWS OF ALASKA

1972

Source

SB 385 am FCC

Chapter No.

112

## AN ACT

Relating to the investment of surplus retirement fund money; and providing for an effective date.

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

\* Section 1. AS 14.25.180(b) is amended to read:

(b) When, in the opinion of the commissioner of administration, there is on hand in the retirement fund a surplus over and above a reasonably safe amount to take care of current demands upon the fund, the surplus or so much of it as in the judgment of the commissioner of administration is considered proper may be invested by the commissioner of revenue in (1) bonds or other interest-bearing obligations and securities of the United States or an agency of the United States, a state of the United States, if the political subdivision has a population as shown by the last federal census preceding the investment of no less than 30,000 inhabitants, except no population limitation applies to a political subdivision of this state; (2) first lien real estate mortgage securities insured by the Federal Housing Administration under the National Housing Act of the United States, or held by the Department of Commerce, or the Department of Natural Resources; (3) corporation bonds, and preferred and common stocks as the commissioner of revenue considers proper investments for the funds; (4) shares of federally chartered savings and loan associations in Alaska, to the extent that the investment is insured by the federal government or by an agency of the federal government; (5) deposits with mutual savings banks in Alaska, to the extent that the investment is insured by the federal government or an agency of the federal government; (6) deposits with state and national banks in Alaska to the extent that the investment is insured by the federal government or an agency of the federal government; (7) loans guaranteed by the division of veterans' affairs under

### Chapter 112

AS 26.15.040(t); (8) [deleted] and (9) the guaranteed portion of Small Business Administration loans. No more than 25 per cent of the surplus may be invested in mortgage securities of the Department of Commerce, and the state shall appropriate sufficient money from the general fund to reimburse the teachers' retirement system for any losses incurred as a result of failure of the obligors to pay on the notes. No more than \$400,000 of the surplus may be invested annually in the mortgage securities of the Department of Natural Resources, and the state shall appropriate sufficient money from the general fund to reimburse the teachers' retirement system for any losses incurred as a result of failure of the obligors to pay on the notes.

\* Sec. 2. AS 39.35.110(a) is amended by adding a new paragraph to read:

(9) the guaranteed portion of Small Business Administration loans.

\* Sec. 3. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

## STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 — JUNEAU 99801

February 2, 1973

The Honorable Earl Hillstrand  
Chairman  
House Finance Committee  
Alaska State Legislature  
State Capitol  
Juneau, Alaska

Dear Representative Hillstrand:

For your information I am furnishing you a copy of a summary of the assets of the Teachers and Public Employees Retirement Systems as of December 31, 1972.

With respect the Teachers Retirement funds, there is invested in Alaska in mortgages the sum of \$17,837,656.30 covering GNMA mortgage backed securities, FHA insured mortgages and Alaska Veterans mortgages. This sum represents 28.59% of the total Teachers Retirement funds.

With respect the Public Employees Retirement funds, there is invested in Alaska in mortgages the sum of \$18,548,710.48 covering GNMA mortgage backed securities, FHA insured mortgages and Alaska Veterans mortgages. This sum represents 29.65% of the total Public Employees Retirement funds.

At present, neither of the retirement funds are purchasing Alaska Veterans mortgages for the reason that they are now a required investment of the General Fund.

Very truly yours,



R. D. Stevenson  
Acting Commissioner

RDS:eh

Enclosure

*Copies furnished Ace + Bayless*

STATE  
of ALASKA

## MEMORANDUM

TO: [ Robert S. Cates, Administrator  
Retirement Section  
Department of Administration

DATE: January 29, 1973

FROM: R. D. Stevenson  
Acting Commissioner  
Department of Revenue

SUBJECT: Teachers Retirement Fund Invested  
Public Employees Retirement Invested

Summaries of assets of the Teachers and Public Employees Retirement Systems on December 31, 1972 are tabulated below for your information.

<u>TEACHERS RETIREMENT FUNDS</u>	<u>AMOUNT AT COST</u>	<u>% OF TOTAL FUND</u>
Cash.....	\$ (15,920.71)	.025%
Repurchase Agreements.....	2,749,000.00	4.31%
Municipal Bonds.....	65,416.65	.10%
U.S. Government Obligations.....	15,928,652.50	25.05%
Corporate Debt.....	10,320,460.95	16.02%
Corporate Stocks.....	10,319,212.82	16.20%
GNMA Mortgage Backed Securities.....	3,910,255.16	6.14%
FEA Insured Mortgages.....	14,223,002.37	22.32%
Alaska Veterans Mortgages.....	646,744.44	1.01%
Shares - Fed. Savings & Loan Assn.....	4,350,000.00	6.83%
Deposits - Mutual Savings Banks.....	500,000.00	.76%
Deposits - State and National Banks...	-0-	-0-
Small Business Loans.....	127,000.00	1.29%
Total	<u>\$61,714,352.12</u>	<u>100.00%</u>

<u>PUBLIC EMPLOYEES RETIREMENT FUNDS</u>	<u>AMOUNT AT COST</u>	<u>% OF TOTAL FUND</u>
Cash.....	\$ 33,741.59	.05%
Repurchase Agreements	1,639,000.00	2.35%
Municipal Bonds	35,224.35	.05%
U.S. Government Obligations	17,876,033.73	27.10%
Corporate Debt	6,739,757.53	10.24%
Corporate Stocks	14,076,913.59	21.34%
GNMA Mortgage Backed Securities	4,846,078.45	7.35%
FEA Insured Mortgages	14,709,129.29	22.42%
Alaska Veterans Mortgages	834,305.48	1.26%
Shares - Fed. Savings & Loan Assn.	1,525,000.00	2.77%
Deposits - Mutual Savings Banks	-0-	-0-
Deposits - State and National Banks	-0-	-0-
Small Business Loans	1,016,399.17	1.54%
Total	<u>\$65,552,435.97</u>	<u>100.00%</u>

NDS:YCS:gc

cc: Commissioner Joseph Henri  
Commissioner Kenneth Kacov

STATE  
of ALASKA

# MEMORANDUM

*Jacobs*

TO: M. R. Charney, Director  
Division of Budget & Management

DATE : November 1, 1972

FROM: Martin H. Behr *M.H. Behr*  
Administrative Director  
Department of Administration

SUBJECT: Supplemental Appropriation for  
'Teachers' Retirement

*HR 63*

The following represents my current best estimate of the supplemental appropriation which will be required for Teachers' Retirement in F. Y. '73. (All figures in thousands):

Total Payroll	64,600.0
X Contribution Rate	.05
Normal Contributions	<u>3,230.0</u>
Arrearages	300.0
Total Contributions	<u>3,530.0</u>
Less: F.Y. '73	
Appropriation	3,005.8
Supplemental Required	<u>524.2</u>

At the present time this is the best information I have on which to base the need for a supplemental. However, it is possible that the total payroll figure of 64.6 million indicated above is somewhat overstated. School openings with gross payroll figures are due in the Retirement Office by November 15 and they will be compiled in early December. At that time, I will give you an updated projection for the Teachers' Retirement supplemental requirement, if any.

MHB/mjc

**Sec. 14.25.162. Survivor's allowance.**—(a) If a teacher dies while in membership service or while receiving a disability retirement salary or after normal retirement and leaves a minor child, his surviving spouse is entitled to a survivor's allowance if the teacher has made a supplemental contribution for at least one year before his death, but if a guardian has been appointed for a minor child, the guardian is entitled to the allowance. A minor child who has neither a surviving parent nor a guardian is entitled to the allowance. If a minor child who is at least 19 years old but less than 23 years old is out of school for more than one semester, payments of his benefits terminate permanently. A teacher's child who is totally and permanently disabled before he is 19 years old or, if he is attending school and becomes totally and permanently disabled before he is 23 years old, and who is financially dependent on the teacher at the time of the teacher's death is entitled to the benefits under this section until he dies or is no longer totally and permanently disabled. Application for the survivor's allowance shall be made in writing to the administrator. (am § 1 ch 52 SLA 1972)

**Effect of amendments.** As the rest of the section was not affected by the amendment, it is not set out.  
The 1972 amendment added the fourth sentence in subsection (a).

**Sec. 14.25.169. Duplicate benefits.** If payments from this retirement system are due to a teacher or his spouse under more than one provision of this plan, the teacher or spouse shall elect under which provision and which benefit he wishes to receive and no payments may be made under any other provision. However, benefits under §§ 162 and 164 of this chapter shall be paid to a surviving spouse in addition to those benefits he is entitled to receive because of his own membership in the retirement system. (§ 19 ch 151 SLA 1966; am § 2 ch 184 SLA 1972)

**Effect of amendment.** — The 1972 amendment substituted "no payments may be made" for "no payments shall be made" in the first sentence and added the second sentence.

**Sec. 14.25.180. Custody and investment.**

(b) When, in the opinion of the commissioner of administration, there is on hand in the retirement fund a surplus over and above a reasonably safe amount to take care of current demands upon the fund, the surplus or so much of it as in the judgment of the commissioner of administration is considered proper may be invested by the commissioner of revenue in (1) bonds or other interest-bearing obligations and securities of the United States or an agency of the United States, a state of the United States, or a political subdivision of any state of the United States, if the political subdivision has a population as shown by the last federal census preceding the investment of no less than 30,000 inhabitants,

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except no population limitation applies to a political subdivision of this state; (2) first lien real estate mortgage securities insured by the Federal Housing Administration under the National Housing Act of the United States, or held by the Department of Commerce, or the Department of Natural Resources; (3) corporation bonds, and preferred and common stocks as the commissioner of revenue considers proper investments for the funds; (4) shares of federally chartered savings and loan associations in Alaska, to the extent that the investment is insured by the federal government or by an agency of the federal government; (5) deposits with mutual savings banks in Alaska, to the extent that the investment is insured by the federal government or an agency of the federal government; (6) deposits with state and national banks in Alaska to the extent that the investment is insured by the federal government or an agency of the federal government; (7) loans guaranteed by the division of veterans' affairs under AS 26.15.040(b); (8) [deleted] and (9) the guaranteed portion of Small Business Administration loans. No more than 25 per cent of the surplus may be invested in mortgage securities of the Department of Commerce, and the state shall appropriate sufficient money from the general fund to reimburse the teachers' retirement system for any losses incurred as a result of failure of the obligors to pay on the notes. No more than \$400,000 of the surplus may be invested annually in the mortgage securities of the Department of Natural Resources, and the state shall appropriate sufficient money from the general fund to reimburse the teachers' retirement system for any losses incurred as a result of failure of the obligors to pay on the notes. (am § 1 ch 112 SLA 1972)

Effect of amendments.  
The 1972 amendments substituted "and (9) the guaranteed portion of Small Business Administration loans" for "and (8) mutual funds" at the end of the first sentence in subsection (b).  
As the rest of the section was not

affected by the amendment, it is not set out.  
Editor's note.—The words "or a political subdivision of any state of the United States" appearing in clause (1) of subsection (b) were, because of a printing error, omitted in the main pamphlet.

### Chapter 30. Pupils.

#### Article 1. Compulsory Education.

Sec. 14.30.010. When attendance compulsory. (a) Every child between seven and 16 years of age shall attend school at the public school in the district in which the child resides during each school term. Every parent, guardian or other person having the responsibility for or control of a child between seven and 16 years of age shall insure that the child is not absent from attendance.

(b) This section does not apply if a child

Hold in abeyance pending receipt of  
Mr. Gate's responses to Representative  
Barber's questions.

THIS  BILL  RESOLUTION

has been prepared by the staff of the Legislative Council in response to the request and at the direction of the sponsor. The staff has attempted to place it in proper legal and clerical form subject to any special limitations or instructions of the sponsor. Member requests are kept confidential by the staff and any announcement of intent to have a document drafted or introduced remains the prerogative and responsibility of the sponsoring member in dealing with colleagues and other persons. The Council or its staff may not endorse or comment on policy matters involved in a bill or resolution. The substance and merits of a bill or resolution are the responsibility of the sponsor.

Delivered to sponsor: 2-12-73

Original sponsor: Rules Committee  
by request of the Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 63

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 Department of Administration for the teachers'  
8 retirement system; and providing for an effective date."

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

10 \* Section 1. The sum of \$524,200 is appropriated from the general fund to  
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13 \* Sec. 2. This Act takes effect on the effective date of an act entitled  
14 "An Act relating to the investment of surplus retirement fund money; and  
15 providing for an effective date."  
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Original sponsor: Rules Committee  
by request of the Governor

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BY THE FINANCE COMMITTEE

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4 EIGHTH LEGISLATURE - FIRST SESSION

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14 "An Act relating to the investment of surplus retirement fund money; and  
15 providing for an effective date."



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

JAMES O. SMITH  
Signature of Camera Operator

4/26/89  
Date

"An Act making supplemental appropriations to the Department of Military Affairs; and providing for an effective date."

### COMMITTEE REPORT

1-12-73

HOUSE

Mr. Speaker:

Date 3-1-73

The Committee on FINANCE has had HB 66

under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS
- "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____

Members NOT concurring in the Majority report:

[Signature] recommends: NO REC

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

A M E N D M E N T

Offered in the HOUSE

By TIRANCE

To: \_\_\_\_\_ HOUSE BILL NO. 66

\_\_\_\_\_ SENATE BILL NO. \_\_\_\_\_

AMENDMENT: Page 3 Line 10

Change: "112,000"

to read: "395,000"

Page 3 Line 10

Change: "540,000"

to read: "672,000"

Page 3 Line 10

Change: "21,000"

to read: "21,000"

FINANCE COMMITTEE REPORT

ON

HOUSE BILL NO. 66

The committee reduced the item for workmen's compensation and liability insurance for the National Guard from \$60,000 to \$21,000 due to the fact the testimony received by the committee failed to provide conclusive evidence that the state is liable for payment of premiums for the years FY 71 and FY 72.

*Earl D. Hillstrand*

EARL D. HILLSTRAND

For the Committee

	71	72
In Active Duty Status	1,326,421	1,215,070
Active Duty for Training	472,120	651,295
Subsistence	90,246	80,150
	<u>1,888,787</u>	<u>1,946,515</u>

Paid by federal <sup>per</sup> allotment - no final accounting.  
 Audit ~~inches~~ involves six vouchers per  
 person or a total of 15,000 vouchers  
 throughout the state -

Definite that protection is needed  
 for individual guardsmen, & also liability

*Make up Amendment*

Introduced: 1/12/73  
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 66

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

EIGHTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making supplemental appropriations to the  
7 Department of Military Affairs; and providing for  
8 an effective date."

9

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

10

\* Section 1. The sum of <sup>95,000</sup> \$112,000 is appropriated from the general fund  
11 to the Department of Military Affairs for the fiscal year ending June 30,  
12 1973 to be apportioned as follows:

13

Civil Air Patrol \$ 12,000

14

Re-enlistment bonuses, National Guard <sup>62,000</sup>  
~~40,000~~

15

Workmens' compensation and liability

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insurance, National Guard <sup>21,000</sup>  
~~60,000~~

17

\* Sec. 2. This Act takes effect on the day after its passage and approval  
18 or on the day it becomes law without approval.

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*File with control #66*

# Alaska Pacific Assurance Company

218 FRONT STREET  
JUNEAU, ALASKA 99801

TO Les Spickler DATE February 28, 1973  
State of Alaska - National Guard  
FROM Carl Anderson SUBJECT Insurance Coverage

Dear Les:

Workmen's Compensation coverage and public liability insurance for the National Guard in the State of Alaska has been a legal question for many years. In the mid '60's the Attorney General of the State of Alaska ruled that State coverage for National Guard personnel was not necessary. Therefore, the National Guard was specifically excluded from the coverage provided to the State of Alaska by another carrier. However, this decision did not hold up in court and the State of Alaska was held responsible to a claim which, I understand, was in the neighborhood of a quarter of a million dollars. Since ALPAC wrote the business in July 1970, the National Guard was not excluded from coverage. Alaska Pacific Assurance has two open liability claims and a considerable number of closed workmen's compensation claims paid since the inception of the policy.

A considerable amount of research was done by our attorneys, representatives of the Alaska Attorney General's office and the legal advisor for the National Guard Bureau. I believe these Alaska Senate and House finance committees have copies of all this correspondence. All of this research plus the opinion of the legal advisor of the National Guard Bureau, dated December 29, 1972, holds that the State of Alaska is responsible for the National Guard when the National Guard is in State service. From these opinions plus the fact that ALPAC has paid claims, insurance coverage was provided for the National Guard by ALPAC since July 1, 1970.

When the first year's policy expired July 1, 1971, the legal questions were still up in the air and the payroll for the National Guard apparently was not audited and a charge was not made.

When the second year policy ended July 1, 1972, an audit was made of the State of Alaska payroll. At that time, the National Guard payroll was not available so a final audit billing was sent to the State specifically excluding the National Guard payroll. At a later date when the audit was possible in Anchorage a separate billing was submitted to the State for premium due in policy years 1970 and 1971. Coverage had been provided but this was the first opportunity to develop payroll information so a premium could be collected.

Memorandum to Les Spickler from Carl Anderson

February 28, 1973

Page 2

The workmen's compensation policy issued to the State of Alaska provides coverage "to pay promptly when due all compensation and other benefits required of the insured by the Workmen's Compensation Law." The public liability "will pay on behalf of the insured all sums which the insured shall become legally obligated to pay...". Though a premium had not been collected for policy years 1970 and 1971 because of a difficulty in obtaining payroll information, the coverage was provided. The only way coverage could have been denied during this period the policies were in effect, would have been to (1) specifically exclude the coverage for the National Guard which would have left a large gap in the State's insurance program, or (2) cancel the entire insurance program of the State of Alaska, a solution that was never desired or contemplated by either the State of Alaska or the insurance carrier. I hope the above will help clarify this situation. If needed, I have copies of the recent legal opinions relating to this subject.

Very truly yours,



Carl L. Anderson

CLA/kle

BILL ASSIGNMENT

TO: Rep. Specking

FROM: E. D. Hillstrand  
Chairman  
House Finance Committee

BILL NO.: HOUSE BILL NO. 66

TITLE: Supplemental to Military Affairs

DATE OF ASSIGNMENT: January 15, 1973

COMMENTS

This bill has been referred to you for your review and research and eventual presentation to the committee for their consideration.

In regards to workmen compensation factors of this measure, research to satisfy there is no existing state law regarding this.

HB 66 Mr. Specking said that he had just recently been able to work on HOUSE BILL 66 (Supplemental to Military Affairs). He said at this point he could see no problem. In answer to the Chairman, Mr. Specking said he would "shoot" to have this ready by Thursday (January 25). 1/18/73

# STATE OF ALASKA

*File HB 66*

WILLIAM A. EGAN, Governor

## DEPARTMENT OF MILITARY AFFAIRS

OFFICE OF THE ADJUTANT GENERAL

PHONE 277-7661  
AUTOVON 862-7210  
ROOM 610 MACKAY BUILDING  
338 DENALI STREET — ANCHORAGE 99501

ARFF

30 January 1973

Mr. Glen K. Vernon  
House Fiscal Analyst  
Pouch WF-State Capitol  
Juneau, Alaska 99801

Dear Mr. Vernon:

Re: Letter of 25 January 1973, requesting additional information supporting HB 66, (Supplemental Appropriation Request), the following is submitted.

(1) A log of the two aircraft requiring maintenance as a result of the recent air search.

Logs are not available at this time, however a summary of hours flown follows:

Aircraft 1972 #N2236T; 1st quarter, 52.90, 2nd quarter, 141.3, 3rd quarter, 97.1, 4th quarter, 86.4. The total hours 377.7, engine replaced December 15, 1972. Tachometer time 614.5.

Aircraft 1972 #N 4796 C; 1st quarter, 55.05, 2nd quarter, 120.7, 3rd quarter 46.6, 4th quarter, 159.2. Total hours 381.55, engine replaced September 7, 1972. Tachometer time is not available.

(2) An indication of what percentage of expected re-enlistment bonus payments result from the 6.9% federal pay increase for guardsmen.

20 percent.

(3) An indication, by area, as to where re-enlistments are occurring.

North 92 out of 127, 74%; Southwest 57 out of 99, 57%; South-Central 49 out of 121, 40%; South 5 out of 14, 36%.

*copy furnished Speckling*

Mr. Glen K. Vernon

30 January 1973

(4) An estimate of the normal time period in which a claim would be filed for workmen's compensation insurance claims. What is the potential number of claims that might be filed from the 1971-1972 period?

The normal time period in which a claim would be filed for workmen's compensation insurance claims is thirty days if injury or accident is reported by claimant. Two claims have been filed by Alaska Air Guardsmen (Spradlin and Gilley). For Fiscal Year 1971-72, there are no additional claims expected.

Additional facts are provided for your information:

The present strength and Authorized Strength of the Army National Guard, Air National Guard and Naval Militia is:

	Present	Authorized
Army National Guard	1907	2351
Air National Guard	586	746
Naval Militia	74	188 plus (unlimited)

The number of men recruited and re-enlisted last year and this year to present are:

For FY 1972 there were 433 men recruited which was an increase of 40% over FY 1971. For FY 1972 there was 278 men re-enlisted which was a 39% increase over FY 1971. For FY 1973 for the first half, there are 278 men recruited which is a 28% increase over first half of FY 1972. For FY 1973 for the first half, there are 228 men re-enlisted which is a 164% increase over the first half of FY 1972.

No changes are anticipated in our authorized strength, however, the strength levels are dictated by Federal Directive.

Nationwide in our Recruiting and Retention program, based on percent of increase in strength, we are in the top ten States Nationwide. We are consistently the highest, second highest or third highest State in Re-enlistments, month after month for the past year or more. The Reenlistment Bonus, the Job Information Service and Retirement program greatly assist our maintaining this posture.

Recruitment and Retention activities found an estimated fifty Guardsmen jobs directly through OTAG, R & R Job Counseling Service. The Operation Hitch-Hike program established in thirteen Villages in Scout Battalion areas, placed 32 people in jobs in the first three months of operation. A job information service bulletin board has been established in all units which has indicated that enlistments and re-enlistments are greater when we help the men find jobs.

(3)

Mr. Glen K. Vernon

30 January 1973

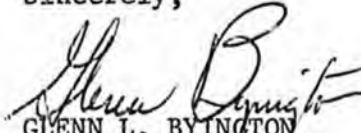
The percentage of increase in strength for FY 1972 was two percent. The percentage of increase in strength for FY 1973 for the first half is five percent.

Data for Reenlistment Bonus projections were taken from Computerized print-outs of the Alaska ARNG ADP Personnel Reporting program, plus a personnel file screening. Initial data was forwarded to Facilities and Fiscal in September 1972, subsequent to that time the following facts came to light.

- A. A Federal pay increase of 6.9 percent was authorized.
- B. Units reported that some personnel were not paid the Reenlistment Bonus from the previous fiscal year, resulting in the requirement to pay the bonuses.
- C. Data used to prepare the September input data was in error because of computer print-out error.

The above necessitated a complete re-evaluation which was completed and furnished Facilities and Fiscal Division in January 1973.

Sincerely,

  
GLENN L. BYINGTON  
Col, GS-Aias (ARNG)  
Dir, Fac & Fis Div.

STATE  
of ALASKA

# MEMORANDUM

TO: Lt. Col. Byington  
Department of Military Affairs

DATE : December 11, 1972

FROM: Dorothy Evans  
Purchasing Agent  
Division of Supply  
Department of Administration

SUBJECT: Invoices, Workmen's Compensation  
and Comprehensive Liability

Attached for your appropriate action are two invoices covering Alaska National Guard payroll audit for the periods 7/1/70-7/1/71 and 7/1/71 - 7/1/72. Also attached is a copy of a determination from the Office of the Attorney General that Alaska Workmen's Compensation law covers guardsmen, and the State is liable for the activities of guardsmen.

Payment of the back premiums would serve to protect the State in case of claims filed for accidents which may have occurred during the period 7/1/70-72.

The premium for 7/1/72-7/1/73 will be a composit rate of 1.0735855 per \$100 of payroll. You should anticipate a 15% increase over this for FY 1974, due to an increase in benefits under the Workmen's Compensation law.

DE/mi  
enclosures

5221

Copies of cases

case you mentioned

6-5391

# shattuck & grummett, inc.

insurance - bonds

301 Seward Phone 586-2414  
Juneau, Alaska 99801

- State of Alaska
- c/o Division of Supply
- Juneau, Alaska

Date	Premiums	Balance
7-1-71 to	Additional audit premium, National Guard	
7-1-72	Workmen's Compensation Policy #0771-31808-113	\$ 10,860.00
	Compr. Genl. & Auto Lic. " #0771-31808-213	<u>10,037.00</u>
		\$ 20,897.00

## STATEMENT

M. P.

Alaska National Guard Payroll \$1,946,515. 0.5579055 = \$10,860.

TOTAL EARNED PREMIUM: \$10,860.  
TOTAL WRITTEN PREMIUM: -0-  
ADDITIONAL PREMIUM: 10,860.

10/19/72



# Alaska Pacific Assurance Company

218 FRONT STREET  
JUNEAU, ALASKA 99801

State of Alaska  
Comprehensive General Liability - Alaska National Guard  
0771-31808-213  
7/1/71 - 7/1/72

## PREMIUM ADJUSTMENT

Alaska National	\$1,946,515.	x	.4561015	Comp Gen & Auto Liab	=	\$8,878.
Guard Payroll	1,946,515.	x	.0348935	Malpractice	=	679.
	1,946,515.	x	.0082280	Personal Injury	=	160.
	1,946,515.	x	.0082280	Personal Injury	=	160.
	1,946,515.	x	.0082280	Personal Injury	=	160.
						<u>10,037.</u>

TOTAL EARNED PREMIUM:	\$10,037.
TOTAL WRITTEN PREMIUM:	-0-
ADDITIONAL PREMIUM:	<u>10,037.</u>

11/1/72

# shattuck & grummett, inc.

insurance - bonds

301 Seward Phone 586-2414  
Juneau, Alaska 99801

- State of Alaska
- c/o Division of Supply
- Juneau, Alaska
- 

11-8-72

Date	Premiums	Balance
7-1-70	Additional audit premium, National Guard	
to		
7-1-71	Yorksen's Compensation policy #0770-31808-113	\$ 10,078.00
	Compr. Genl. & Auto Lia. " #0770-31808-213	<u>2,946.00</u>
		\$ 20,024.00

STATEMENT