

LEG. FINANCE - BILLS

1977 - 1978

750

HB 606 thru HB 608

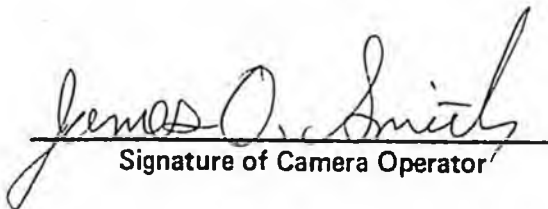
750

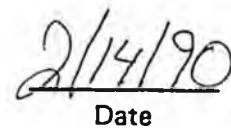


RECORDS CERTIFICATION



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.


Signature of Camera Operator


Date

COMMITTEE REPORT
SENATE

4/14/78

FURTHER: NONE

Date: _____

Mr. President:

The Committee on FINANCE has had HB 606
supplemental appropriation to Office Of Governor; Alaska State Council on the
Arts

under consideration and (a majority of the committee) (the committee
reports it back as follows)

- 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 _____ new title same title

- AND attaches a Letter of Intent New Fiscal Note
 reports it back without recommendation
 and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Chairman

Introduced: 1/11/78
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 606

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Office of the Governor, Alaska State Council on the
8 Arts; and providing for an effective date."

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

10 * Section 1. The sum of \$39,833 is appropriated from the general fund
11 to the Office of the Governor, Alaska State Council on the Arts, for FY
12 1976.

13 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
14 10.070(c).

25
26
27
28
29 COMMITTEE COPY

January 11, 1978

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making a supplemental appropriation of \$39,833 to the Office of the Governor.

This appropriation is needed for the Alaska State Council on the Arts for FY 1976. The need for these funds became apparent after a review of Legislative Audit's "A Special Review of the Alaska State Council on the Arts, Office of the Governor, July 1, 1975 - June 30, 1976." This audit pointed out that, while there were fewer restricted receipts (federal, program and interagency receipts) realized than authorized, the authorization was not reduced.

Sincerely,

SJS/H
Jay S. Hammond
Governor

STATE
of ALASKA

MEMORANDUM

HB 606..

TO: Ronald B. Lind, Director
Division of Budget & Management
Office of the Governor

DATE: December 16, 1977

FILE NO:

TELEPHONE NO:

FROM: Barbara Englert Thomas *BT*
Budget AnalystSUBJECT: Office of the Governor Request
for Supplemental Appropriated
for the Alaska State Council
on the Arts

The Office of the Governor requests a supplemental appropriation of \$39,833 for the Alaska State Council on the Arts for FY 1976. The need for this became apparent after a review of Legislative Audit's "A Special Review of the Alaska State Council on the Arts, Office of the Governor, July 1, 1975 - June 30, 1976". This audit pointed out that, while there were fewer restricted receipts (federal, program and interagency receipts) realized than authorized, the authorization was not reduced.

The short fall was \$58,269 and only \$16,484 lapsed to the general fund. The difference between the short fall and the amount actually lapsed, \$41,785, represents expenditures of general funds not appropriated to the Council. This can be reduced to \$39,833 because the FY 76 interagency receipts were higher than anticipated.

The Office of the Governor concurs with Legislative Audit and is hereby requesting a supplemental appropriation of \$39,833 from the general fund for the amount of the FY 76 over-expenditure.

The agency recognized the potential deficits which could result by permitting expense of operating costs against a total appropriated balance. Therefore, the federal authorization was appropriated to a special control account for FY 77. This provided the central fiscal office and the program with a more valid management report of actual balances available for obligation and has facilitated reconciliation of appropriated receipts.

Your approval is recommended.

RECEIVED
NOV 23 1977
BUDGET & MANAGEMENT

Mike Harper
Administrative Assistant

November 22, 1977

V. Kent Dawson
Executive Assistant
to the Governor

Arctic Winter Games

The Arctic Winter Games to be conducted in March of 1978 will, as part of their costs, have about a ninety-thousand dollar travel cost. The Lieutenant Governor's Office informs me that in the past the state has typically picked up about seventy-five percent of that cost. You may already be aware of this and may be working on it, but we should review, as a potential supplemental appropriation, a sixty-thousand dollar item from travel for the Arctic Winter Games.

The Lieutenant Governor knows quite a bit about this and probably would be the one to talk with about it.

cc: Ron Lind
Lieutenant Governor Thomas

VKD:ab

11-29
Special appropriation
900 will submit
per D. Anderson

760.0

ALASKA STATE LEGISLATURE

TENTH Legislature SECOND Session

HOUSE BILL NO. 606

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

An Act making a supplemental appropriation to the Office of the Governor, Alaska State Council on the Arts; and providing for an effective date."

Supp. approp. Council on Arts
Introduced in the House 1-11-1978

HISTORY IN THE HOUSE

1978	Read first time and referred to Committee on Finance												
Jan. 11	Reported back with recommendation that												
Apr 11	Read second time and												
Apr 13	Read third time and												
Apr 13	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas 20</td> <td>Yeas</td> </tr> <tr> <td>Nays 7</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused 3</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas 20	Yeas	Nays 7	Nays	Absent	Absent	Excused 3	Excused		
PASS	Effective Date												
Yeas 20	Yeas												
Nays 7	Nays												
Absent	Absent												
Excused 3	Excused												
Apr 13	<table border="0"> <tr> <td>Reconsideration</td> <td></td> </tr> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
Reconsideration													
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
Apr 13	Reported correctly engrossed												
Apr 13	Signed by Speaker												
Apr 13	Sent to Senate												
	<i>Barclay Parker</i> CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

1978	Read first time and referred to Committee on Finance												
Apr 14	Reported back with recommendation that												
	Read second time and												
	Read third time and												
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	<table border="0"> <tr> <td>Reconsideration</td> <td></td> </tr> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
Reconsideration													
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	Reported correctly engrossed												
	Signed by President												
	Returned to House												
	SECRETARY OF THE SENATE												

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting:
	Failed to concur in Senate amendment; asked Sen. to recede
	Senate receded from amendment
	Senate failed to recede from amendment
	FCC appointed by House
	FCC appointed by Senate
	FCC adopted
	To enrolling
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Filed with Lt. Governor
	Chapter No.

Introduced: 1/11/78
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 606

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

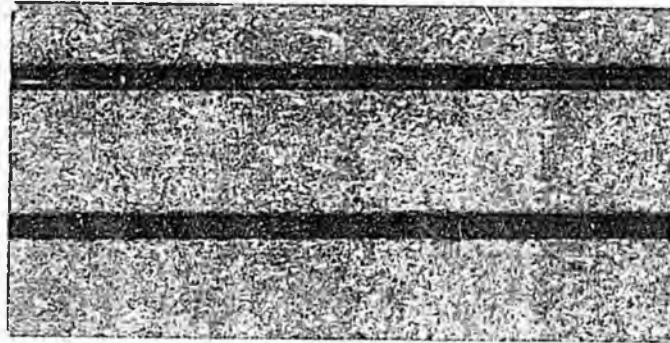
6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Office of the Governor, Alaska State Council on the
8 Arts; and providing for an effective date."

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

10 * Section 1. The sum of \$39,833 is appropriated from the general fund
11 to the Office of the Governor, Alaska State Council on the Arts, for FY
12 1976.

13 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
14 10.070(c).

STATE OF ALASKA



DIVISION OF LEGISLATIVE AUDIT
Pouch W Juneau, Alaska

A SPECIAL REVIEW OF
ALASKA STATE COUNCIL ON THE ARTS
OFFICE OF THE GOVERNOR

July 1, 1975 - June 30, 1976

FINAL REPORT

Governor
Executive Director

Jay S. Hammond
Roy H. Helms

Council Members:

Chairman
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member

Jean Mackin
Fr. James E. Poole
Keith Appel
Dot Bardarson
Connie Boochever
Carl W. Heinmiller
Polly Lee
Bettie S. McDonald
Ronald W. Senungetuk
Guy A. VanDoren
Elvera Voth

TABLE OF CONTENTS

	<u>Page</u>
Purpose of the Review	3
Organization and Function	4
Findings and Recommendations	5
Auditor's Opinion	11
Financial Statements:	
Statement of Revenue - Estimated and Actual	12
Statement of Expenditures and Encumbrances Compared with Appropriations	13
Schedule of Encumbrances by Object	14
Notes to the Financial Statements	15
Supplemental Statements:	
Statement of General Fixed Assets	17
Agency Response	18 (a)

ORGANIZATION AND FUNCTION

The Alaska State Council on the Arts (Council) was established in 1966 within the Office of the Governor. The organization, powers and duties of the Council are authorized at AS 44.19.900-950.

Council duties are to stimulate and encourage throughout the State the study and presentation of the performing, visual, and fine arts. The Council surveys existing arts programs and recommends to the Governor methods to expand these programs to meet the needs of all persons in the State. State appropriations and federal grants are used to implement various categories of art program. in over 200 communities throughout the State.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

Improvement is needed in many areas of Council administrative management.

The ten recommendations which follow outline administrative management problems and internal accounting control weaknesses in many areas of Council activities. From the numerous instances of errors and omissions, it is our opinion that Council management does not provide sufficient guidance and direction to the administrative staff. Additionally, we believe there is insufficient monitoring of accounting activities to ensure reports are accurate and reliable and agency assets are adequately protected. Under the circumstances we believe Council management responsibilities must be defined to include not only the development of art programs, but also adequate supervision of accounting activities and critical reviews of accounting reports. It should be emphasized that control of assets and accurate accounting reports are essential to efficient development of art programs and compliance with budgetary and other statutory requirements. A revised job description for the Executive Director may be helpful since the current description does not specifically include these responsibilities.

Recommendation No. 2

In order to comply with Legislative and Executive branch controls, Council disbursements to Arts Alaska, Inc. should not continue unless:

1. Council and Arts Alaska, Inc. become genuinely separate entities and;
2. The details of such disbursements are included in Council budgets approved by the Legislature.

The Council implemented the creation of Arts Alaska, Inc. (Arts), on September 18, 1975, as a non-profit corporation for the stated purpose of soliciting private contributions to art projects. However, in reality, Council and Arts are so closely associated in all areas that it is not possible to distinguish Arts as a separate entity. For example, four out of five Arts incorporators were Council members or employees; 70% of Arts income (\$500,000) was provided by Council; Arts and Council's files are intermingled; several employees have responsibility for both entities; both entities occupy the same office space.

Although Arts' purpose in being was originally to solicit private contributions for art projects, Arts is currently

administering art programs for Council. During the eleven months ended August 31, 1976, Council disbursed approximately \$500,000 to Arts for this purpose. However, Council's FY 1976 and 1977 budget requests did not reflect that any disbursements were intended for Arts; and Arts financial procedures are not set up to follow the State's regulations.

Therefore, since Council and Arts are not in reality separate entities, and since Arts is disbursing Council's appropriations for the administration of art programs, Legislative and Executive branch controls over the State's appropriations have in our opinion been circumvented.

Recommendation No. 3

Council expenditures should be curtailed when appropriated federal receipts are not realized.

Council was appropriated \$684,436 of restricted receipts for FY 1976, which consisted of federal, program, and interagency receipts. Of this amount \$626,167 was realized, which was \$58,269 less than the amount appropriated. The shortfall occurred primarily in federal receipts - \$54,836. In this circumstance, AS 37.07 as well as the FY 1976 appropriation act require authorizations be reduced by the amount of the shortfall.

Council's authorizations for FY 1976 were not reduced and only \$16,484 lapsed to the general fund. The difference between the shortfall and the amount actually lapsed, \$41,785, represents expenditures of general funds not appropriated to the Council. A similar finding was noted in an audit report prepared by the Department of Administration's Internal Audit Division on Council's FY 1972 activities. In that instance, federal receipts were \$66,878 less than the amount appropriated, however, expenditures were not reduced accordingly.

Compliance with the provisions of the Executive Budget Act and the annual appropriation act is mandatory.

Recommendation No. 4

Year-end revenue accruals should include only revenue to which Council has a legal right and firmly expects to receive.

Council received \$530,431 in receipts from various sources during FY 1976 and accrued an additional \$239,060 in federal receipts at year-end. The State Annual Financial Report included both amounts, \$769,491, as Council revenue; however, only \$626,167 was actually received.

Actual Council revenue was overstated in the Annual Report by \$143,324 because the year-end accrual was not realistic. Council management disclaimed any knowledge of how the accrual was computed, nor could staff of the Office of the Governor provide support for the amount accrued.

Council management is primarily responsible for the accuracy of year-end accruals. In that regard, Council management should compute accruals which include only funds to which they have a legal right to receive in the future and they firmly expect to receive. Accruals should not be based on federal allocations of program funds unless there exists an enforceable contract with the federal government to receive the funds. We also recommend Council management follow-up with Office of the Governor administrative staff and the Division of Finance, Department of Administration to ensure amounts computed by Council are those that are actually accrued at year-end.

Recommendation No. 5

Council FY 1977 authorizations should be reduced by \$36,000.

Council received authorizations of \$1,182,014 in FY 1977. This amount exceeds by \$36,000 the authorizations approved by the Legislature. The excess amount credited to Council resulted from a specific appropriation being processed twice. Chapter 279, SLA 1976 authorized \$36,000 for Council to fund citizen participation in an Alaska Day celebration in Washington, D.C. The \$36,000 was credited to Council with the initial FY 1977 appropriation entry on JV 770001, July 9, 1976, and again on JV 771030, September 22, 1976. As a result, the authorizations Council received for FY 1977 exceeded authorizations approved by the Legislature by \$36,000.

Recommendation No. 6

Travel advances and travel claims should be controlled to ensure against duplicate travel payments.

During our review, we found three instances of duplicate travel reimbursement to the Council Executive Director. They appeared to have occurred because either travel advance payments were not posted to travel authorization forms, or duplicate travel authorization forms were issued.

Two of the duplicate payments were discovered by the Office of the Governor administrative staff and, upon notifying the Executive Director, were repaid. The third duplicate payment, in the amount of \$96 for a May 1976 trip, had not been repaid.

Travel advances should be immediately posted to approved travel authorization forms and centralized control exercised over those forms to ensure against duplicate travel payments. We also recommend the \$96 duplicate payment be repaid.

Recommendation No. 7

Improvement is needed in control of Council equipment.

During our review, we examined 100% of Council's equipment for compliance with State Property Regulations. Of the 154 items on the State Property Report for Council at March 25, 1977, with a stated value of \$29,986, the following errors were noted:

1. 12% of the items, with a stated value of \$2,213, could not be found.
2. 22% of the items on the report showed a cost of \$1. These were obviously items which cost more than \$1, such as cameras and movie projectors. Council stated many items had been donated to the agency at no cost; however, there was no supporting documentation.
3. 14 items were stored at the Executive Director's home in locked footlockers. Keys could not be found for the footlockers and our examination of the contents could be completed only after they were taken to a locksmith to be opened.
4. 5 items were on loan to the Alaska Repertory Theatre. There was no documentation to support the loan.
5. 48% of the items either did not have State property tags affixed or were not tagged properly. 4 items were tagged and recorded twice with different numbers.
6. 14 items at the Council office for which recording and tagging is required were not tagged nor recorded on the State Property Report.
7. 187 art objects with a stated cost of approximately \$23,000 included in the Alaska Contemporary Art Bank were not recorded on the State Property Report.

We recommend Council perform a complete physical inventory of their equipment. Equipment at the Executive Director's home should be returned to the Council office. All items of equipment and the art objects of the Alaska Contemporary Art Bank should be tagged and the tag numbers recorded on the State Property Report in accordance with the State Property Manual.

Council should request the State Property Officer delete from the report any missing items after the reasons for the missing property have been determined.

Any property subsequently loaned out should be documented at Council. All subsequent property acquisitions should be tagged in accordance with the State Property Manual and recorded on the State Property Report at cost, or if donated, fair market value at the date of donation.

Recommendation No. 8

Improvement in the Council filing system is needed.

Council disbursement documents are not maintained either numerically, or alphabetically. Documents are filed by object code or, in some cases, by grant number.

This manner of filing is inefficient since document retrieval is cumbersome and excessively time consuming.

A file of disbursement documents should be maintained in numeric order. A second file of documents with supporting documentation attached should be maintained in alphabetic order by name of payee.

Recommendation No. 9

Improvement is needed in Council accounting practices.

A number of errors were noted during our review of a sample of Council expenditure transactions. The types of errors and rate of occurrence were as follows:

<u>Description</u>	<u>Percent of Errors Noted in Sample</u>	
	<u>FY 76</u>	<u>6/30/76 - 2/28/77</u>
Object Code	5.7%	19.7%
Invoice Approval	4.8%	24.2%
Mathematical Accuracy	.4%	6.1%
Collocation or Transaction Code	-	3.0%
Fiscal Year	1.7%	3.0%

The errors appeared to result from the inexperience of Council administrative personnel and their lack of training in State accounting procedures. A similar finding was noted in Council's FY 1972 audit report by the Department of Administration's Internal Audit Division.

Unreliable accounting reports adversely effect program management. They misinform management and hinder efficient and effective program activities. The rate of error increase between FY 1976 and 1977 indicates accounting proficiency is deteriorating and demonstrates a need for additional training.

We recommend Council administrative personnel be provided with sufficient training in the State accounting system to ensure competent performance in the future. In particular, instruction should be provided in the use of the State administrative manual.

The performance of administrative personnel should be reviewed periodically to ensure accounting practices comply with the State administrative manual and good business practices.

Recommendation No. 10

The Alaska Repertory Theatre should reimburse Council for use of Council's postage meter and xerox machine.

Alaska Repertory Theatre is a non-profit corporation organized to produce plays in Alaska. Alaska Repertory offices are adjacent to Council offices and they share the use of Council's postage meter and xerox machine. Council does not maintain usage logs necessary to allocate the cost of the facilities between the two entities. As a result, Council cannot bill Alaska Repertory for their share of these costs.

Council should maintain usage logs and require reimbursement from the Alaska Repertory Theatre for these costs on a monthly basis.

Recommendation No. 11

Council should not use a disbursement voucher for expenditures of less than \$10.

Council reimburses the staff for business mileage with disbursement vouchers which, in many cases are less than \$10.

A study made several years ago indicated disbursement vouchers should not be used for expenditures less than \$5 since the cost to the State was several dollars to process a voucher. The cost of processing vouchers has no doubt increased in recent years and we believe that \$10 is a reasonable minimum. Expenditures of less than \$10 should be made from petty cash. If the petty cash account is too small, Council should request the amount of their account be increased.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE JUNEAU 99801

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

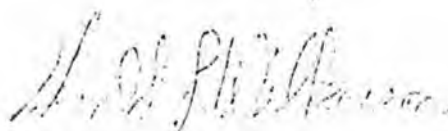
July 18, 1977

Members of the
Legislative Budget and Audit Committee:

We have examined the Statement of Revenue - Estimated and Actual, the Statement of Expenditures and Encumbrances Compared with Appropriations and its related schedule for the Office of the Governor, Alaska State Council on the Arts for the fiscal year ended June 30, 1976. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Actual Revenue on the Statement of Revenue - Estimated and Actual is overstated by \$143,323 as a result of incorrect recording of year-end accounts receivable (see Note 1).

Because of the materiality of the item described in the preceding paragraph, the accompanying Statement of Revenue - Estimated and Actual does not present fairly the revenue earned for the fiscal year ended June 30, 1976. In our opinion, the Statement of Expenditures and Encumbrances Compared with Appropriations presents fairly the expenditures, encumbrances, and appropriations of the Office of the Governor, Alaska State Council on the Arts for the fiscal year ended June 30, 1976 in accordance with generally accepted governmental accounting principles.



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

OFFICE OF THE GOVERNOR
ALASKA STATE COUNCIL ON THE ARTS
STATEMENT OF REVENUES - ESTIMATED AND ACTUAL
July 1, 1975 - June 30, 1976

<u>Classification</u>	<u>Estimated</u>	<u>Actual (Note 1)</u>	<u>Over or (Under) Estimate</u>
<u>Federal Grants in Aid</u>			
National Endowment for the Arts	<u>\$545,000</u>	<u>\$639,586</u>	<u>\$94,586</u>
<u>Other Revenues</u>			
Program Receipts	90,000	82,564	(7,436)
Interagency (CETA)	<u>49,436</u>	<u>47,340</u>	<u>(2,096)</u>
	<u>139,436</u>	<u>129,904</u>	<u>(9,532)</u>
 Total Revenues	 <u>\$684,436</u>	 <u>\$769,490</u>	 <u>\$85,054</u>

See Accompanying Notes to the Financial Statements

OFFICE OF THE GOVERNOR
ALASKA STATE COUNCIL ON THE ARTS
STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS
July 1, 1975 - June 30, 1976

	<u>1975-76 Budget Act Appropriations</u>	<u>Continuations Supplementals And Revisions</u>	<u>Total Authorizations</u>	<u>Expenditures</u>	<u>Encumbrances At Close of Year</u>	<u>Balance Lapsed</u>
Alaska State Council on the Arts	<u>\$922,700</u>	<u>\$245,346</u>	<u>\$1,168,046</u>	<u>\$1,018,770</u>	<u>\$ 132,791</u>	<u>\$16,485</u>
<u>By Object</u>						
Personal Services	75,200	43,276	118,476	105,513	12,955	8
Travel and Per Diem	28,600	6,360	34,960	30,486	2,785	1,689
Contractual Services	17,800	105,710	123,510	125,954	686	(3,330)
Commodities	1,600	-0-	1,600	9,529	365	(8,294)
Equipment	2,900	-0-	2,900	2,777	322	(199)
Grants, Claims, and Shared Revenues	708,100	90,000	798,100	714,344	58,657	25,099
Other Expenses or Charges	88,500	-0-	88,500	30,167	56,821	1,512
Totals	<u>\$922,700</u>	<u>\$245,346</u>	<u>\$1,168,046</u>	<u>\$1,018,770</u>	<u>\$ 132,791</u>	<u>\$16,485</u>
<u>Source of Funds</u>	<u>General Fund</u>	<u>Federal Receipts</u>	<u>Inter-Intra Agency Receipts</u>	<u>Program Receipts</u>	<u>Total</u>	
Appropriation Act, CH 209, SLA 1975	\$377,700	\$545,000	\$ -0-	\$ -0-	\$ 922,700	
Supplemental Appropriations CH 198, SLA 1975	68,550	-0-	-0-	-0-	68,550	
Salary Increase Supplement	31,000	-0-	-0-	-0-	31,000	
Per Diem Increase Supplement	6,360	-0-	-0-	-0-	6,360	
Revised Programs	-0-	-0-	49,436	90,000	139,436	
Totals	<u>\$483,610</u>	<u>\$545,000</u>	<u>\$49,436</u>	<u>\$90,000</u>	<u>\$1,168,046</u>	

See Accompanying Notes to the Financial Statements

OFFICE OF THE GOVERNOR
 ALASKA STATE COUNCIL ON THE ARTS
 SCHEDULE OF ENCUMBRANCES BY OBJECT
 July 1, 1975 - June 30, 1976

	<u>Services</u>	<u>Travel & Per Diem</u>	<u>Contractual Services</u>	<u>Commodities</u>	<u>Equipment</u>	<u>Grants, Claims and Shared Revenue</u>	<u>Other Expenses or Charges</u>	<u>Total</u>
Alaska State Council on the Arts	<u>\$12,955</u>	<u>\$2,785</u>	<u>\$886</u>	<u>\$365</u>	<u>\$32.</u>	<u>\$58,657</u>	<u>\$56,821</u>	<u>\$132,791</u>

See Accompanying Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

Note 1

Due to incorrect year-end accruals, actual revenues are overstated on the Statement of Revenues - Estimated and Actual by \$143,323 as follows:

<u>Source of Revenues</u>	<u>Over (Under) Accrued</u>
Federal Receipts	\$149,422
Program Receipts	(1,105)
Interagency (CETA) Receipts	<u>(4,994)</u>
Total Over Accrued	<u>\$143,323</u>

SUPPLEMENTAL INFORMATION

OFFICE OF THE GOVERNOR
ALASKA STATE COUNCIL ON THE ARTS
STATEMENT OF GENERAL FIXED ASSETS
June 30, 1976
(UNAUDITED)

Equipment

UNKNOWN

Note

Neither the Council nor the Office of the Governor had documentation in support of the amount of Council property reported in the FY 1976 State Annual Report - Schedule of Fixed Assets. The equipment value reported for the Office of the Governor was \$304,434, but due to the lack of supporting documentation, we were unable to determine or test the June 30, 1976 equipment balance for the Council within the departmental total.

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

November 14, 1977

RECEIVED

NOV 14 1977

LEGISLATIVE
AUDIT

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Pouch W
Juneau, Alaska 99811

Dear Mr. Wilkerson:

After having extensively studied the Legislative Auditors recommendations and the underlying facts, circumstances, and implications contained therein, we have made every effort to plan and restructure the organization functions etc., to incorporate the procedures recommended by the Legislative Auditor. Our findings herein will supplement our October 21, 1977, response to you.

Our plans are still flexible and expected to undergo additional changes. However, the Governor's Office is firm in its commitment to continue pursuit of sound operating principles and procedures, utilizing all of the auditors recommendations, for improved control and accountability over the Council on the Arts functions.

The following specific plans and actions demonstrate the good faith and determination by the Governor's Office to correct any and all weaknesses observed by the auditors. Additionally, we will undertake, with the assistance of the State Internal Auditor, to maintain surveillance and to reexamine appropriate procedures and controls in conjunction with the Council operations and organization.

Recommendation #1:

We are at present studying and plan to rewrite the job description of the Art Council Director to include training of administrative personnel.

Recommendation #2:

The Office of the Governor concurs that Alaska Council on the Arts and Arts Alaska, Inc. should become separate entities. Since we fully intend to comply with the audit recommendations, the following proposals are being presented to the members of the Council that governs the activities of the Alaska State Council on the Arts.

Mr. Gerald L. Wilkerson
November 14, 1977
Page -2-

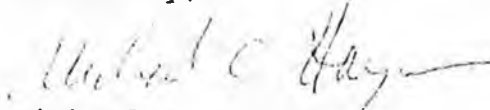
1. Arts Alaska should be physically separate from the Council. This means moving Arts Alaska personnel and property from their present location in the same office with the Council to another area.
2. At present Arts Alaska and the Council share personnel. It is our proposal that a definite line be drawn to establish duties to be performed by the Council personnel and duties to be performed by Arts Alaska, Inc. Personnel will provide services only for the organization by which they are employed.
3. Separate accounting records will be kept with no overlap of expenditures between the two organizations. All rent, postage, supplies, equipment, etc., will be separated and be an expenditure to the using organization.
4. It should be made clear by Arts Alaska what the administrative costs are as related to this grant, to ensure that no duplication is being made of services provided by the Alaska State Council on the Arts.

Recommendation #6:

It was discovered by the Council during a search of their files that indeed a duplicate payment for travel was made. On October 29, 1977, the director of the Alaska Council on the Arts submitted his personal check #460 for \$96.00 to be deposited to the state treasury to reimburse the state for this overpayment.

We sincerely appreciate the efforts of your auditors in calling these issues to our attention. In the near future we will submit additional evidences of your recommended actions.

Sincerely,


Michael C. Harper
Administrative Assistant
to the Governor

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

October 21, 1977

RECEIVED

OCT 21 1977

LEGISLATIVE
AUDIT

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Pouch W
State Office Building
Juneau, Alaska 99811

Dear Mr. Wilkerson:

"A Special Review of the Alaska State Council
on the Arts", Office of the Governor,
July 1, 1975 - June 30, 1976-77

The attached is a copy of the response to the subject audit
as prepared by the Council for Governor Hammond.

Additionally, the following is offered as response to
Recommendations No. 3, No. 4, No. 5, and No. 7.

Council expenditures should be curtailed when appropriated
federal receipts are not realized.

Council was appropriated \$684,436 of restricted receipts for
FY 1976, which consisted of federal, program, and interagency
receipts. Of this amount \$626,167 was realized, which was
\$58,269 less than the amount appropriated. The shortfall
occurred primarily in federal receipts - \$54,836. In this
circumstance, AS 37.07 as well as the FY 1976 appropriation
act require authorizations be reduced by the amount of the
shortfall.

Council's authorizations for FY 1976 were not reduced and only
\$16,484 lapsed to the general fund. The difference between
the shortfall and the amount actually lapsed, \$41,785, repre-
sents expenditures of general funds not appropriated to the
Council. A similar finding was noted in an audit report pre-
pared by the Department of Administration's Internal Audit
Division on Council's FY 1972 activities. In that instance,
federal receipts were \$66,878 less than the amount appropria-
ted, however, expenditures were not reduced accordingly.

Compliance with the provisions of the Executive Budget Act and the annual appropriation act is mandatory.

Recommendation No. 4

Year-end revenue accruals should include only revenue to which Council has a legal right and firmly expects to receive.

Council received \$530,431 in receipts from various sources during FY 1976 and accrued an additional \$239,060 in federal receipts at year-end. The State Annual Financial Report included both amounts, \$769,491, as Council revenue; however, only \$626,167 was actually received.

Response to Recommendation No. 3 and No. 4.

The report of findings is accurate. The over-expenditure was apparently the result of excessive administrative costs applied to a total balance which included grant authorization. The Office of the Governor has no recourse but to request a supplemental appropriation for the amount of over-expenditure of \$39,832.96. The agency recognized the potential deficits which could result by permitting expense of operating costs against a total appropriated balance. Therefore, the federal authorization was appropriated to a special control item account for FY77. This provided the central fiscal office and the program with a more valid management report of actual balances available for obligation and facilitated reconciliation of appropriated receipts.

FY77 balances were as follows:

	<u>Authorized</u>	<u>Expended</u>	<u>Lapsed Balance</u>
Admin. and Support	317.4	314.1	3.3
Grants	(1) 911.9	806.0	105.9
Total	\$1,229.3	1,120.1	109.2
	<u>Appropriated Revenue</u>	<u>Actual Realized</u>	<u>Unreal Excess</u>
Interagency	41.7	44.1	2.4
Federal/Other	595.0	490.5	[104.5]
	\$636.7	534.6	[102.1]

(1) Actual \$947.9 adjusted by \$36.0 duplicate authorization.
 (2) \$500.5 adjusted by \$10.0 - FY76 actual receipt.

Mr. Gerald L. Wilkerson, CPA -3- October 21, 1977

As indicated previously, several programs under the umbrella of the Office of the Governor are severely lacking in operational knowledge of recording valid accounts receivable. Additionally, repeated error of improper coding has been noted.

This comes about because of the unique "satellite" orientation of programs attached to the Office of the Governor and is one of the primary reasons for the efficiency study recommendations that such operating programs as the Arts Council be placed within line agencies. A bill introduced by the Governor is currently in the legislature (which failed to pass last session) which would have, for example, moved the Arts Council to the Department of Education.

The significant problem here was improper reconciliation of estimated receivables. All receipts realized during FY77 were recorded properly as FY76 receivables. The transmittals now clearly provide fiscal year references. Most likely the excess interagency revenue shown is a result of inaccurate coding.

The central fiscal office staff is insuring every effort is made to improve procedures and provide adequate training in this very critical area. Considerable turnover in "satellite" agencies has made this a continuing problem.

Recommendation No. 5

Council FY1977 authorizations should be reduced by \$36,000.

Council received authorizations of \$1,182,014 in FY1977. This amount exceeds by \$36,000 the authorizations approved by the legislature. The excess amount credited to Council resulted from a specific appropriation being processed twice. Chapter 279, SIA 1976 authorized \$36,000 for Council to fund citizen participation in an Alaska Day celebration in Washington, D.C. The \$36,000 was credited to Council with the initial FY1977 appropriation entry on JV 770001, July 9, 1976, and again on JV 771030, September 22, 1976. As a result, the authorizations Council received for FY 1977 exceeded authorizations approved by the Legislature by \$36,000.

Response to Recommendation No. 5

The above is an accurate finding. This double authorization came about as a result of an incorrect assumption on our part that the automated journal voucher for recording \$36,000

Mr. Gerald L. Wilkerson, CPA -4- October 21, 1977

capital budget item had not "worked" and that a manual journal voucher was necessary. In fact, the automated voucher had already recorded the appropriation. Our action was in response to the attached July 6, 1976, memorandum from Ron Lehr of Budget and Management. The agency fiscal officer independently recorded this capital appropriation item with Budget and Management approval per their memo of instruction dated July 6, 1976, (copy attached). Agency JV 017838 has been submitted this date to delete the excess authorization.

Additionally, the fiscal office will reconcile all authorizations to legislative appropriations to insure future automated journal vouchers have not been altered in include amounts contrary to written instruction.

Recommendation No. 7

Property accounting should be in compliance with state property regulations.

Response to Recommendation No. 7

All records of the council will be updated together with the balance of the Office of the Governor agencies by January 1, 1978. I have instructed the fiscal officer to see to this and see no reason such non-compliance will further exist.

I apologize for any inconvenience a delay in this response may have caused.

If additional information is required, please call.

Sincerely,



Michael C. Harper
Administrative Assistant
to the Governor

MEMORANDUM

TO: [Richard A. Smith
State Internal Auditor
Department of Administration

DATE: October 12, 1977

FILE NO

TELEPHONE NO

FROM: Richard C. Bradley, Director
Division of General Services & Supply
Department of Administration

SUBJECT: Council on the Arts
Property Audit

In response to the Division of Legislative Audit's Special Review of Alaska State Council on the Arts, Office of the Governor. During the week of November 1st thru November 4, 1977, the State Property Management Office, in conjunction with personnel from the Council on the Arts, will conduct a 100 percent physical inventory of all property within their Division. At which time a training session will be held explaining the Property Accounting Manual and procedures for accurate property control. During the inventory all untagged items will be tagged properly including the Alaska Contemporary Art Bank. All items showing a cost of \$1 will be adjusted to reflect the true cost or a fair market value. All other recommendations will be addressed during the training session.

This represents a prime example of the attitude of a number of State agencies where the higher echelon gives a low priority to property accounting and not assigning a specific person to be responsible. Thus the necessary information is not being forwarded from the field sections to the Departmental Property Officer. More emphasis is needed on property accounting at the Commissioner and Director level to ensure an accurate program.

STATE
of ALASKA

MEMORANDUM

TO: ALL AGENCIES

DATE : July 6, 1976

FROM: Ron Lehr, Deputy Director *RL*
Division of Budget & Management
Office of the Governor

SUBJECT:

Agencies should prepare JV's for all items in the appropriation bill which were not automatically recorded. ~~Contact your analyst for a list of the exceptions, if you have not done so already.~~

All capital items, new legislation appropriations and restricted revenues included in the appropriations bill will also have to be manually recorded. Please get your JV's to Budget and Management to get these items on the books.

Budget and Management's new mail code is 0102.

RL/AE/ld

HP-06

January 11, 1978

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making a supplemental appropriation of \$39,833 to the Office of the Governor.

This appropriation is needed for the Alaska State Council on the Arts for FY 1976. The need for these funds became apparent after a review of Legislative Audit's "A Special Review of the Alaska State Council on the Arts, Office of the Governor, July 1, 1975 - June 30, 1976." This audit pointed out that, while there were fewer restricted receipts (federal, program and interagency receipts) realized than authorized, the authorization was not reduced.

Sincerely,

S/SSH
Jay S. Hammond
Governor

STATE
of ALASKA

MEMORANDUM

NB656

TO: Ronald B. Lind, Director
Division of Budget & Management
Office of the Governor

DATE: December 16, 1977

FILE NO:

TELEPHONE NO:

FROM: Barbara Englert Thomas 
Budget AnalystSUBJECT: Office of the Governor Request
for Supplemental Appropriated
for the Alaska State Council
on the Arts

The Office of the Governor requests a supplemental appropriation of \$39,833 for the Alaska State Council on the Arts for FY 1976. The need for this became apparent after a review of Legislative Audit's "A Special Review of the Alaska State Council on the Arts, Office of the Governor, July 1, 1975 - June 30, 1976". This audit pointed out that, while there were fewer restricted receipts (federal, program and interagency receipts) realized than authorized, the authorization was not reduced.

The short fall was \$58,269 and only \$16,484 lapsed to the general fund. The difference between the short fall and the amount actually lapsed, \$41,785, represents expenditures of general funds not appropriated to the Council. This can be reduced to \$39,833 because the FY 76 interagency receipts were higher than anticipated.

The Office of the Governor concurs with Legislative Audit and is hereby requesting a supplemental appropriation of \$39,833 from the general fund for the amount of the FY 76 over-expenditure.

The agency recognized the potential deficits which could result by permitting expense of operating costs against a total appropriated balance. Therefore, the federal authorization was appropriated to a special control account for FY 77. This provided the central fiscal office and the program with a more valid management report of actual balances available for obligation and has facilitated reconciliation of appropriated receipts.

Your approval is recommended.

RECEIVED
NOV 28 1977
BUDGET & MANAGEMENT

Mike Harper
Administrative Assistant

November 22, 1977

V. Kent Dawson
Executive Assistant
to the Governor

Arctic Winter Games

The Arctic Winter Games to be conducted in March of 1978 will, as part of their costs, have about a ninety-thousand dollar travel cost. The Lieutenant Governor's Office informs me that in the past the state has typically picked up about seventy-five percent of that cost. You may already be aware of this and may be working on it, but we should review, as a potential supplemental appropriation, a sixty-thousand dollar item from travel for the Arctic Winter Games.

The Lieutenant Governor knows quite a bit about this and probably would be the one to talk with about it.

cc: Ron Lind
Lieutenant Governor Thomas

VRD:ab

11-29
Special appropriation
Gov will submit
per D. Anderson

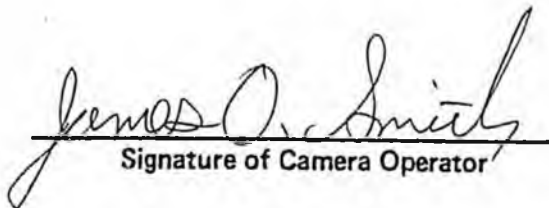
\$60.0

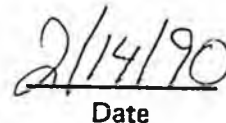


RECORDS CERTIFICATION



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.


Signature of Camera Operator


Date

COMMITTEE REPORT

HOUSE

FURTHER: _____

Date: _____

1/11/78

Mr. Speaker:

The Committee on FINANCE has had HB 606
"An Act making a supplemental appropriation to the Office of the Governor,
Alaska State Council on the Arts; eff. date."

under consideration and (a majority of the committee) (the committee reports it back as follows)

- 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 _____ new title same title
 AND attaches a Letter of Intent New Fiscal Note
 reports it back without recommendation
 and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

Chairman

Introduced: 1/11/78
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 606

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act making a supplemental appropriation to the
7 Office of the Governor, Alaska State Council on the
8 Arts; and providing for an effective date."

9

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

10

* Section 1. The sum of \$39,833 is appropriated from the general fund
11 to the Office of the Governor, Alaska State Council on the Arts, for FY
12 1976.

13

* Sec. 2. This Act takes effect immediately in accordance with AS 01.-
14 10.070(c).

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

HP 506

January 11, 1978

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making a supplemental appropriation of \$39,833 to the Office of the Governor.

This appropriation is needed for the Alaska State Council on the Arts for FY 1976. The need for these funds became apparent after a review of Legislative Audit's "A Special Review of the Alaska State Council on the Arts, Office of the Governor, July 1, 1975 - June 30, 1976." This audit pointed out that, while there were fewer restricted receipts (federal, program and interagency receipts) realized than authorized, the authorization was not reduced.

Sincerely,

S/SSH

Jay S. Hammond
Governor

02378

STATE
of ALASKA

MEMORANDUM

118656

TO: Ronald B. Lind, Director
Division of Budget & Management
Office of the Governor

DATE: December 16, 1977

FILE NO:

TELEPHONE NO:

FROM: Barbara Englert Thomas *BT*
Budget AnalystSUBJECT: Office of the Governor Request
for Supplemental Appropriated
for the Alaska State Council
on the Arts

The Office of the Governor requests a supplemental appropriation of \$39,833 for the Alaska State Council on the Arts for FY 1976. The need for this became apparent after a review of Legislative Audit's "A Special Review of the Alaska State Council on the Arts, Office of the Governor, July 1, 1975 - June 30, 1976". This audit pointed out that, while there were fewer restricted receipts (federal, program and interagency receipts) realized than authorized, the authorization was not reduced.

The short fall was \$58,269 and only \$16,484 lapsed to the general fund. The difference between the short fall and the amount actually lapsed, \$41,785, represents expenditures of general funds not appropriated to the Council. This can be reduced to \$39,833 because the FY 76 interagency receipts were higher than anticipated.

The Office of the Governor concurs with Legislative Audit and is hereby requesting a supplemental appropriation of \$39,833 from the general fund for the amount of the FY 76 over-expenditure.

The agency recognized the potential deficits which could result by permitting expense of operating costs against a total appropriated balance. Therefore, the federal authorization was appropriated to a special control account for FY 77. This provided the central fiscal office and the program with a more valid management report of actual balances available for obligation and has facilitated reconciliation of appropriated receipts.

Your approval is recommended.

RECEIVED
NOV 28 1977
BUDGET & MANAGEMENT

Mike Harper
Administrative Assistant

November 22, 1977

V. Kent Dawson
Executive Assistant
to the Governor

Arctic Winter Games

The Arctic Winter Games to be conducted in March of 1978 will, as part of their costs, have about a ninety-thousand dollar travel cost. The Lieutenant Governor's Office informs me that in the past the state has typically picked up about seventy-five percent of that cost. You may already be aware of this and may be working on it, but we should review, as a potential supplemental appropriation, a sixty-thousand dollar item from travel for the Arctic Winter Games.

The Lieutenant Governor knows quite a bit about this and probably would be the one to talk with about it.

cc: Ron Lind
Lieutenant Governor Thomas

VKD:ab

11-29
Special appropriation
Gov will submit
per D. Anderson

\$60,000

HP 506

January 11, 1978

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making a supplemental appropriation of \$39,833 to the Office of the Governor.

This appropriation is needed for the Alaska State Council on the Arts for FY 1976. The need for these funds became apparent after a review of Legislative Audit's "A Special Review of the Alaska State Council on the Arts, Office of the Governor, July 1, 1975 - June 30, 1976." This audit pointed out that, while there were fewer restricted receipts (federal, program and interagency receipts) realized than authorized, the authorization was not reduced.

Sincerely,

SJSSH

Jay S. Hammond
Governor

STATE
of ALASKA

MEMORANDUM

148656

TO: Ronald B. Lind, Director
Division of Budget & Management
Office of the Governor

DATE: December 16, 1977

FILE NO:

TELEPHONE NO:

FROM: Barbara Englert Thomas *BT*
Budget AnalystSUBJECT: Office of the Governor Request
for Supplemental Appropriated
for the Alaska State Council
on the Arts

The Office of the Governor requests a supplemental appropriation of \$39,833 for the Alaska State Council on the Arts for FY 1976. The need for this became apparent after a review of Legislative Audit's "A Special Review of the Alaska State Council on the Arts, Office of the Governor, July 1, 1975 - June 30, 1976". This audit pointed out that, while there were fewer restricted receipts (federal, program and interagency receipts) realized than authorized, the authorization was not reduced.

The short fall was \$58,269 and only \$16,484 lapsed to the general fund. The difference between the short fall and the amount actually lapsed, \$41,785, represents expenditures of general funds not appropriated to the Council. This can be reduced to \$39,833 because the FY 76 interagency receipts were higher than anticipated.

The Office of the Governor concurs with Legislative Audit and is hereby requesting a supplemental appropriation of \$39,833 from the general fund for the amount of the FY 76 over-expenditure.

The agency recognized the potential deficits which could result by permitting expense of operating costs against a total appropriated balance. Therefore, the federal authorization was appropriated to a special control account for FY 77. This provided the central fiscal office and the program with a more valid management report of actual balances available for obligation and has facilitated reconciliation of appropriated receipts.

Your approval is recommended.

RECEIVED
NOV 28 1977
BUDGET & MANAGEMENT

Mike Harper
Administrative Assistant

November 22, 1977

V. Kent Dawson
Executive Assistant
to the Governor

Arctic Winter Games

The Arctic Winter Games to be conducted in March of 1978 will, as part of their costs, have about a ninety-thousand dollar travel cost. The Lieutenant Governor's Office informs me that in the past the state has typically picked up about seventy-five percent of that cost. You may already be aware of this and may be working on it, but we should review, as a potential supplemental appropriation, a sixty-thousand dollar item from travel for the Arctic Winter Games.

The Lieutenant Governor knows quite a bit about this and probably would be the one to talk with about it.

cc: Ron Lind
Lieutenant Governor Thomas

VKD:ab

11-29
special appropriation
900 will submit
per D. Anderson

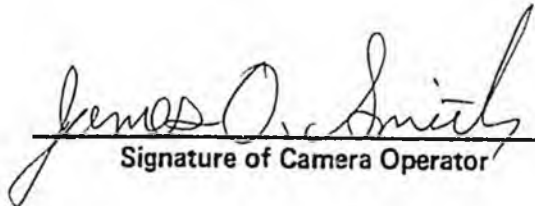
\$60.0

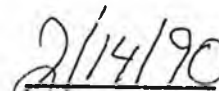


RECORDS CERTIFICATION



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.


Signature of Camera Operator


Date

Introduced: 1/11/78
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 607

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Education, Youth Employment Services;
8 and providing for an effective date."

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

10 * Section 1. The sum of \$60,000 is appropriated from the general fund
11 to the Department of Education, Youth Employment Services.

12 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
13 10.070(c).

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

January 11, 1978

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making a supplemental appropriation to the Department of Education, in the amount of \$60,000, for continued operation of that department's Youth Employment Services program through FY 78. Fiscal information on this measure is attached.

Sincerely,

S/SSH

Jay S. Hammond
Governor

STATE
of ALASKA

MEMORANDUM

HP 607

TO: [Ron Lind, Director
Division of Budget & Management

DATE: December 16, 1977

FILE NO:

TELEPHONE NO:

FROM: *Mike Orelove*
Mike Orelove, Budget Analyst
Division of Budget & Management
Office of the Governor

SUBJECT: Supplemental Appropriation
Request - Department of
Education

<u>Agency Request</u>	<u>Analyst Recommendation</u>	<u>B & M Recommendation</u>
\$ -0-	\$60.0 TOTAL	\$60.0 TOTAL
\$ -0-	\$60.0 GF	\$60.0 GF

Appropriation: Youth Employment Service (YES)

Agency Position: The Department of Education did not formally submit a supplemental request.

Basis for Analyst's Recommendation: The \$60.0 authorization for FY 78 was appropriated as interagency receipts, however, interagency receipts were not available for this purpose in the Anchorage area. It is possible that this was intended to be a general fund appropriation and a budget error occurred.

Analyst recommends a \$60,000 general fund supplemental appropriation to continue operation of this program thru FY 78 to replace the interagency receipts appropriated.

COMMITTEE REPORT

HOUSE

FURTHER: _____

1/11/78

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 607
"An Act making a supplemental appropriation to the Department of Education;
Youth Employment Services; eff. date."

under consideration and (a majority of the committee) (the committee reports it back as follows)

() 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 _____ () new title () same title

() AND attaches a Letter of Intent () New Fiscal Note

() reports it back without recommendation

() and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Chairman

Introduced: 1/11/78
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 607

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Education, Youth Employment Services;
8 and providing for an effective date."

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

10 * Section 1. The sum of \$60,000 is appropriated from the general fund
11 to the Department of Education, Youth Employment Services.

12 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
13 10.070(c).

January 11, 1978

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making a supplemental appropriation to the Department of Education, in the amount of \$60,000, for continued operation of that department's Youth Employment Services program through FY 78. Fiscal information on this measure is attached.

Sincerely,

S/SSH

Jay S. Hammond
Governor

STATE
of ALASKA

MEMORANDUM

148,607

TO: [Ron Lind, Director
Division of Budget & Management

DATE: December 16, 1977

FILE NO:

TELEPHONE NO:

FROM: *Mike Orelve*
Mike Orelve, Budget Analyst
Division of Budget & Management
Office of the GovernorSUBJECT: Supplemental Appropriation
Request - Department of
Education

<u>Agency Request</u>	<u>Analyst Recommendation</u>	<u>B & M Recommendation</u>
\$ -0-	\$60.0 TOTAL	\$60.0 TOTAL
\$ -0-	\$60.0 GF	\$60.0 GF

Appropriation: Youth Employment Service (YES)

Agency Position: The Department of Education did not formally submit a supplemental request.

Basis for Analyst's Recommendation: The \$60.0 authorization for FY 78 was appropriated as interagency receipts, however, interagency receipts were not available for this purpose in the Anchorage area. It is possible that this was intended to be a general fund appropriation and a budget error occurred.

Analyst recommends a \$60,000 general fund supplemental appropriation to continue operation of this program thru FY 78 to replace the interagency receipts appropriated.

ALASKA STATE LEGISLATURE

TENTH Legislature SECOND Session

HOUSE BILL NO. 607

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

An Act making a supplemental appropriation to the Department of Education, Youth Employment services; and providing for an effective date.

Supp. approp. Ed. Youth Emp. Svcs

Introduced in the House 1-11-, 19. 78

HISTORY IN THE HOUSE

19 78
Jan. 11

Read first time and referred to Committee on Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:

Failed to concur in Senate amendment; asked Sen. to recede

Senate receded from amendment

Senate failed to recede from amendment

FCC appointed by House

FCC appointed by Senate

FCC adopted

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

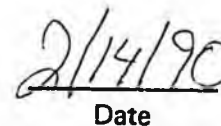


RECORDS CERTIFICATION



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.


Signature of Camera Operator


Date

HOUSE JOURNAL
SUPPLEMENT

January 30, 1978

No. 5

REVISOR COPY: DESTROY DECEMBER
FISCAL NOTE DATED JANUARY 25,

FISCAL NOTE

HB
608

I. REQUEST

Bill/Resolution No. HR 608

Title Supplemental appropriation to the Department of Education pupil transportation, RESOURCES and student loan computer. Date January 11, 1978

Requested by: Rules Committee at the request of the Governor

II. FISCAL DETAIL

Agency Affected Education

Program Category Affected Elementary & Secondary - Adult & Postsecondary Education

Budget Request Unit(s) Affected Financial Support Programs - Student Financial Aid

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	16.0					
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	2,099.5					
TOTAL	2,115.5					

FUNDING (Thousands of Dollars)

GENERAL FUND	2,115.5					
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME	-0-					
PART TIME	-0-					
TEMPORARY	-0-					

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

300 Expenditures The Postsecondary Commission, student financial aid program, had a total need of \$67,074 to contract for implementation of a computerized student financial aid system. A supplemental appropriation of \$16.0 will be required to cover contract costs of this system for FY-78. The remaining contract amount of \$1,074 will be covered by the Department of Administration, Division of Data Processing, as part of their program.

700 Expenditures Pupil transportation projected costs had a FY-78 shortfall of \$2,099.5. Primarily, this was due to suburbanization in Fairbanks, and significant population growth in the Palmer and Wasilla areas; and increased special education pupil transportation efforts throughout the State to meet the requirements of P1-9-142 and AS 14.30.347. A supplemental appropriation of \$2,099.5 will meet the minimum essential funding required to the school districts for the remainder of FY-78.

IV. DATE January 25, 1978

PREPARED BY Arthur C. Cole, Deputy Commissioner
AGENCY Department of Education

Original: Legislative Finance

PHONE 465-2500

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/77)

COMMITTEE REPORT

HOUSE

1/30/78

FURTHER: _____

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 608

"An Act making supplemental appropriations to the Department of Education, pupil transportation and student loan computer; effective date."

under consideration and (a majority of the committee) (the committee reports it back as follows)

- 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 _____ () new title () same title

- () AND attaches a Letter of Intent () New Fiscal Note
() reports it back without recommendation
() and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Freeman

Wade

Wade

Freeman
Vice Chairman

Introduced: 1/11/78
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 608

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the
7 Department of Education, pupil transportation and
8 student loan computer; 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 \$1,865,100 is appropriated from the general
12 fund to the Department of Education for FY 78 public pupil transportation
13 reimbursement costs.

14 * Sec. 2. The sum of \$234,440 is appropriated from the general fund to
15 the Department of Education for FY 78 private pupil transportation reim-
16 bursement costs.

17 * Sec. 3. The sum of \$16,000 is appropriated from the general fund to
18 the Department of Education for the cost of developing a student loan com-
19 puter system in FY 78.

20 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

22
23
24
25
26
27
28
29
COMMITTEE COPY

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

REVISED COPY: DESTROY PREVIOUS
FISCAL NOTE DATED JANUARY 24, 1978

I. REQUEST

Bill/Resolution No. HB 608
Title Supplemental appropriation to the Department of Education, pupil transportation
~~XXXXXXXXXX~~ and student loan computer. Date January 11, 1978
Requested by: Rules Committee at the request of the Governor

II. FISCAL DETAIL

Agency Affected Education
Program Category Affected Elementary & Secondary - Adult & Postsecondary Education
Budget Request Unit(s) Affected Financial Support Programs - Student Financial Aid

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	16.0					
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	2,099.5					
TOTAL	2,115.5					

FUNDING (Thousands of Dollars)

GENERAL FUND	2,115.5					
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME	-0-					
PART TIME	-0-					
TEMPORARY	-0-					

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

300 Expenditures The Postsecondary Commission, student financial aid program, had a total need of \$67,074 to contract for implementation of a computerized student financial aid system. A supplemental appropriation of \$16.0 will be required to cover contract costs of this system for FY-78. The remaining contract amount of \$1,074 will be covered by the Department of Administration, Division of Data Processing, as part of their program.

700 Expenditures Pupil transportation projected costs had a FY-78 shortfall of \$2,099.5. Primarily, this was due to suburbanization in Fairbanks; and significant population growth in the Palmer and Wasilla areas; and increased special education pupil transportation efforts throughout the State to meet the requirements of PL-94-142 and AS 14.30.347. A supplemental appropriation of \$2,099.5 will meet the minimum essential funding requirements to the school districts for the remainder of FY-78.

IV. DATE January 25, 1978 PREPARED BY Wathaniel Cole, Deputy Commissioner
AGENCY Department of Education
PHONE 465-2800
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

HB 608

Introduced: 1/11/76
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 608

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the
7 Department of Education, pupil transportation and
8 student loan computer; 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 \$1,865,100 is appropriated from the general
12 fund to the Department of Education for FY 78 public pupil transportation
13 reimbursement costs.

14 * Sec. 2. The sum of \$234,440 is appropriated from the general fund to
15 the Department of Education for FY 78 private pupil transportation reim-
16 bursement costs.

17 * Sec. 3. The sum of \$16,000 is appropriated from the general fund to
18 the Department of Education for the cost of developing a student loan com-
19 puter system in FY 78.

20 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

22
23
24
25
26
27
28
29
COMMITTEE COPY

148 228

January 11, 1978

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making supplemental appropriations to the Department of Education.

Section 1 appropriates \$1,865,100 for public pupil transportation reimbursement costs. There are three main reasons for these additional costs: (1) a 14 per cent increase in route miles in Fairbanks; (2) a 14 per cent increase in vehicles in the Mat-Su Borough School District due to increased enrollments; and (3) expansion of special education programs.

Section 2 appropriates \$234,440 for private pupil transportation reimbursement costs largely because of a change in reimbursement reporting by the Fairbanks North Star Borough School District, which separates the costs more clearly and reflects the actual need. In addition, there has been an increase in route miles.

Section 3 appropriates \$16,000 for the cost of developing a student loan computer system in FY 78. This system would greatly improve the efficiency of the program and also result in increased repayment.

Sincerely,

S/SSH

Jay S. Hammond
Governor

STATE
of ALASKA

MEMORANDUM

TO: Ronald B. Lind, Director
Division of Budget & Management
Office of the Governor

DATE: December 16, 1977

FILE NO:

TELEPHONE NO:

FROM: Barbara Englert Thomas *BS*
Budget AnalystSUBJECT: Department of Education Request
for a Supplemental Appropriation
for Pupil Transportation

The Department of Education has requested a supplemental appropriation of \$2,099,500 for the two Pupil Transportation appropriations - Public and Private. These requests are necessitated by an underestimation by the Department of the true costs of providing pupil transportation. The law provides for the school districts' and private schools' being reimbursed for their costs. This year a series of events occurred which caused the Department to increase the reimbursement estimate.

Pupil Transportation - Public

The Department estimates that it will cost an additional \$1,865,100 over the FY 78 appropriation of \$14,317,300 to reimburse the school districts fully for the costs they are incurring for pupil transportation this year. Twenty-three contracts expired at the end of FY 77 and the new contracts have been substantially higher than was estimated.

Additionally, three significant factors have also contributed to the need for this supplemental request:

1. Fairbanks has had an unanticipated 14% increase in per day route miles. While there is no increase in students served, this represents the increasing "suburbanization" of the Fairbanks community.
2. The Mat-Su Borough has undergone substantial growth recently, particularly in the Palmer and Wasilla areas. This has caused an increase in pupils served and necessitated a 14% increase in the number of vehicles used for pupil transportation.
3. Because of P.L. 94-182 and AS 14.30.347, special education programs are being developed and expanded in many school districts. The special needs of these students requires unusually expensive pupil transportation services. Federal law now requires that "transportation and such developmental, corrective, or other supportive services as are required" be provided in accordance with each student's individual education program. In many instances students now receiving special education transportation were not transported in the past due to the severity of their mental and/or physical handicaps.

Pupil Transportation - Private

The Department estimates that it will require an additional appropriation of \$234,400 over the FY 78 appropriation of \$127,200 to fund this program fully. The major factor causing this increase has been a change in reimbursement reporting by the Fairbanks North Star Borough School District. Beginning in FY 77 the district separated the non-public reimbursement request from the public pupil transportation request, resulting in more accurate accounting of the actual costs. However, the department underestimated what those costs would be and additional funds were needed at the end of FY 77 as well. The FY 79 Budget reflects the historical reimbursements. Additionally, this request also is caused by the increasing trend of Fairbanks families to move away from the downtown area, where most of the private schools served are located. In Fairbanks there has been a 23% increase in per day route miles (from 700.0 to 862.3).

Denial of these requests for supplemental appropriation will make the 51 school districts in Alaska liable for an additional \$2,099,500, for which they had not budgeted. Although the State cannot be obligated to pay a debt beyond Legislative authorization, the districts have been reimbursed fully and expect it for this year as well. In keeping with the Governor's philosophy of informing school districts a year in advance of changes in funding for education, your approval is recommended.

STATE
of ALASKA

MEMORANDUM

TO: Ronald B. Lind, Director
Division of Budget & Management
Office of the Governor

DATE: December 16, 1977

FILE NO:

TELEPHONE NO:

FROM: Barbara Englert Thomas *BT*
Budget AnalystSUBJECT: Commission on Postsecondary
Education Request for a
Supplemental Appropriation
for Student Financial Aids

The Commission on Postsecondary Education requests a supplemental appropriation of \$16,000 for the Student Financial Aids Administration appropriation. The cost estimate from the Division of Data Processing for system development was increased. Denial of this request would mean the system would not be completed until sometime in FY 79. Given the supplemental appropriation, Data Processing feels they can have the system operating by the beginning of FY 79. This should result in fewer manual tasks having to be performed and more efficient handling of the increasing volume of accounts and repayments.

Your approval is recommended.

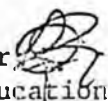
STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

MEMORANDUMB & M
for review907-465-2855
Pouch F — State Office Building
Juneau 99811

TO: Mike Harper, Chairman
Governor's Budget Review Committee

FROM: Kerry D. Romesburg, Executive Director 
Alaska Commission on Postsecondary Education

DATE: August 29, 1977

Subsequent to our FY 78 budgetary cycle and our initial FY 79 budget preparation, we have received information which necessitates a request for revision. We have just received the results of an intensive needs analysis and management systems review conducted by the State Division of Data Processing Services. This study, which was initiated in February of 1977, was conducted under a contractual agreement between the Postsecondary Commission and the Division and was directed at improving the administrative workload structure of the Commission's Division of Student Financial Aids.

On July 1, 1974 the Student Financial Aids division, which administers the State student loan program, was transferred from the Department of Education to the newly-established Commission on Postsecondary Education. The program was suffering from a number of administrative difficulties at the time of transfer, including understaffing and manual data management. An audit conducted during the Spring of 1974 by Legislative Budget and Audit heavily criticized the loan administration, and, citing a delinquency rate of nearly 80 percent, recommended that a number of changes be made immediately.

Some management procedures were changed by the Commission. The Governor's Office and the Legislature provided additional staff (3.0 persons in FY 73 increased to 5.0 in FY 74), but conditions did not improve greatly. For FY 75 the staffing remained at 5.0; however, funds were provided for the development of a data processing system for the loan program. This service was contracted for with the State Division of Data Processing.

In the Winter of 1975, when I was appointed Commission director, the loan program was still suffering badly. The program was still being completely run manually and the account controls were minimal. Nothing had been done to address the growing default problem. The loan program had grown to over \$13 million and had over 8,000 loans outstanding. We had virtually lost control. Despite the fact that our staff had increased to 7.0 persons, we were still 3.0 to 7.0 persons below banking and credit union standards and we still had no data processing support. The data processing system simply did not develop as was hoped. After nearly eighteen months of development and partial conversion of our files, we found ourselves with a "system" which was unmanageable and did not meet our needs.

Mr. Mike Harper
August 29, 1977
Page Two

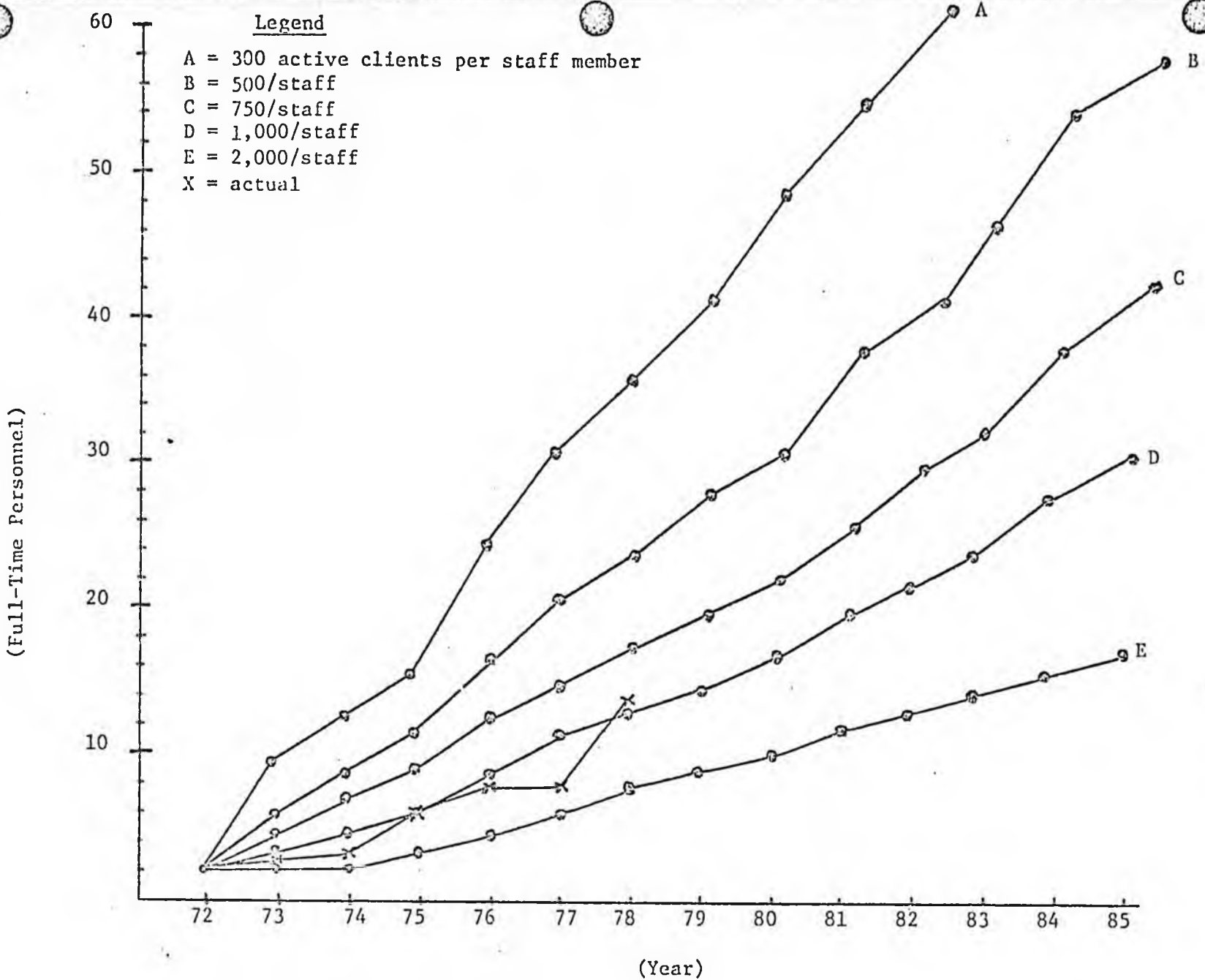
In FY 76 our staff remained at 7.0; however, we were once again given funds to secure data processing support. It was determined by both our loan advisory council and members of the state data processing division that we needed to start completely anew--throw out the previous "system" and begin over. Since our experience with the state division had not been entirely productive, I proposed in a memorandum to the Commissioner of Administration that we be permitted to contract for services outside the state system. This was turned down, so once again we contracted with the state division to develop a system for us.

Now, in 1977-78, we have undergone one year of systems development (which really turned out to be six months, due to recruitment problems in Data Processing), we have 9.0 staff members, and we have made little progress. We have received excellent "management" services from Data Processing, but we still have no system and are still operating on a part manual - part computer "system." Through a Revised Program, we have combined the fiscal support staff with the other loan personnel, bringing our staff size to 13.0. We cannot manage the loan program with this number of people and the type of system (or lack thereof) which we have.

Banking standards require approximately one staff person per three hundred accounts, and credit unions utilize a one per five hundred ratio. We are currently operating at about one per one thousand (see following graph). Projections provided us by the data processing division clearly demonstrate that this program is going to increase greatly over the next few years. We are getting further and further behind. We need two things badly and immediately. First, we need more people to handle our accounts, and, second, we desperately need data processing support.

Student complaints come in at a nearly constant rate, and most are justified. Our turn-around on correspondence is currently operating with as much as a two-month delay. We cannot sufficiently follow-up the default cases for the Attorney General's Office, and therefore are falling behind again. Our fiscal personnel cannot process the payments fast enough to keep the student records current. We have taken steps to try to alleviate this situation as much as possible. I have eliminated the position of Director of Financial Aids and have used the funds for an Administrative Assistant and an additional clerk position (thus giving us 14.0, if the RP goes through). The Director's duties are being shared by the Administrative Assistant and myself. This surely is not desirable, but it is the best we can do for now. We have requested Internal Audit to study our paper flow and accounting methods to try to streamline as much as possible. This is underway. And, we have cooperated fully with data processing personnel in their management study. The problem is, we are simply understaffed. We need two more people immediately, one in the fiscal accounting section (Accounting Clerk) and one in the repayment section (Repayment Clerk). With these persons we could at least keep current with the program; however, we will still need three additional persons for 1978-79. Hence, we need a supplemental appropriation for 1977-78 and we need to revise our 1978-79 budget request upward.

The data processing system is still of the highest priority; however, this too is going to cost more than planned. We have just received estimates from the data processing division. After thoroughly studying our needs,



Student Loan Manpower Projections

Prepared by Dave Riccio
 Systems Analyst, Division of
 Data Processing Services

Mr. Mike Harper
August 29, 1977
Page Three

the division has developed a proposed machine-based system. This system will greatly improve our capability to handle the ever-increasing volume of loan accounts, and will produce personnel savings in the loan administration. The table comparing these costs is attached.

The result is a requirement for the following:

A. Supplemental Request for Current Year, 1977-78

1. <u>Object Code</u>	<u>Salaries</u>	<u>Benefits</u>	<u>Total</u>
100	\$19,242	\$4,906	\$24,148

This represents two employees at range 9-A for 8 months, the remainder of the year. The annual salary cost would be \$25,656 plus \$6,542 in benefits, for a total of \$32,198. This should be the base included in FY 79 projections.

2. Object Code

300	\$16,000
-----	----------

This is for additional costs of data processing services.

3. The total supplemental request for 1977-78 is, therefore, \$40,148.

B. Revisions in FY 79 budget request

1. Student Financial Aid Administration Changes

<u>Object Code</u>	<u>Original Request</u>	<u>Revised Request</u>
100	\$323.7	\$355.9
200	7.4	7.4
300	48.9	118.9
400	4.1	4.1
500	3.5	3.5
TOTAL	\$387.6	\$489.8

2. This represents a total increased request of \$102.2. Hence, the limitation placed on our portion of the Adult and Postsecondary Education Cover Program needs to be increased from \$5,028.2 to \$5,130.4.

If additional information is desired, please let me know. Also, I would appreciate being advised of what additional action, beyond this memorandum, is needed for this process.

Enclosures

cc: Barbara Thomas
Bill Gillespie

ALASKA STATE STUDENT LOAN ADMINISTRATION

COMPARATIVE COST PROJECTIONS¹

<u>YEAR</u>	<u>PRESENT SYSTEM*</u>	<u>D.P. BASED SYSTEM*</u>	<u>DIFFERENCE*</u>	<u>ADDITIONAL D.P. COSTS*</u>	<u>NET DIFFERENCE*</u>
78	\$385.0	\$385.0	-0-	\$ 16.0	\$(16.0)
79	427.0	353.0	74.0	99.0	(25.0)
80	512.0	364.0	148.0	105.0	43.0
81	606.0	423.0	183.0	111.0	72.0
82	709.0	480.0	229.0	118.0	111.0
83	821.0	550.0	271.0	125.0	146.0
84	945.0	626.0	319.0	132.0	187.0
85	1,080.0	704.0	376.0	140.0	236.0

*All figures in thousands

¹It should be noted that all cost savings are projected to result from decreased manpower needs, i.e., personal services, budgetary object code 100 funds

Based on data prepared by
Dave Riccio, Systems
Analyst, Division of Data
Processing Services

RECEIVED

DEC - 3 1977

BUDGET & MANAGEMENT

JAY S. HAMMOND, GOVERNOR

05 EBLH

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

907-465-2855

Pouch F - State Office Building

Juneau 99811

MEMORANDUM

TO: Barbara Thomas, Budget Analyst
Division of Budget and Management

FROM: Paul Gulyas, Assistant Director *PG*
Alaska Commission on Postsecondary Education

SUBJECT: FY 78 Supplemental Request Analysis

DATE: December 2, 1977

As you discussed with Kerry earlier this week you will find attached FY 78 Supplemental Request Analysis.

Attachment

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY 79 MAINTENANCE REQUEST
PERSONAL SERVICES	128.8	168.2	165.9	183.1	183.1	272.6	70.9		201.7		386.7
TRAVEL	4.6	6.7	6.7	7.0	7.0	7.0	0.5		6.5		7.4
CONTRACTUAL SERVICES	41.1	71.6	71.6	135.3	135.3	64.4	17.7		62.7	(16.0)	129.9
COMMODITIES	1.9	4.7	4.4	3.9	3.9	3.9	2.8		1.1		5.4
EQUIPMENT	2.5	1.0	1.0	5.9	5.9	5.9	5.0		0.9		8.8
LANDS, BLDGS. ...											
GRANTS, CLAIMS, ...											
MISCELLANEOUS											
TOTAL	178.9	252.2	249.9	335.2	335.2	353.8	96.9		272.9	(16.0)	536.2
FEDERAL RECEIPTS REQUIRED OF MATCHING											
OTHER GENERAL FUND INTER-AGENCY RECEIPTS	178.9	252.2	249.9	335.2	335.2	353.8	96.9		272.9	(16.0)	536.2

COMMISSIONER OF
REVENUE AND FINANCE

STUDENT FINANCIAL AID

DRU

COMPONENT ADMINISTRATIVE

REVISED

05-12-2-012

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

*1/17/78 - 10/31/78
 projected expenditures for
 funding level*

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 Gov. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY WHITE REQD
PERSONAL SERVICES											
TRAVEL											
PERSONAL SERVICES											
COMMODITIES											
EQUIPMENT											
LANDS, BLDGS. ...											
GRANTS, CLAIMS, ...		13,368.7	13,368.7	13,858.6	14,371.3	14,371.3	5,839.6	-0-	10,396.8	(1,865.1)	19,575.
MISCELLANEOUS											
TOTAL											
FEDERAL RECEIPTS											
REVENUE OF MATCHING											
OTHER GENERAL FUND		13,368.7	13,368.7	13,858.6	14,371.3	14,371.3	5,839.6	-0-	10,396.8	(1,865.1)	19,575
INTER-AGENCY RECEIPTS											

AGENCY EDUCATION

BRIU FINANCIAL SUPPORT PROGRAMS

COMPONENT 02- PUPIL TRANS. - PUBLIC

REVISED 11-18-77

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

*FY 78 supplemental request
 current supplemental appropriations
 over comm's 1/77 budget level.*

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY 78 MAINTENANCE REQUEST
PERSONAL SERVICES											
TRAVEL											
INDUSTRIAL SERVICES											
COMMODITIES											
EQUIPMENT											
LANDS, BUILDS, ...											
GRANTS, CLAIMS, ...		120.0	120.0	127.2	127.2	127.2	130.5*	-0-	231.1	(234.4)	278.8
MISCELLANEOUS											
TOTAL											
FEDERAL RECEIPTS											
REIMBURSE OF MATCHING											
OTHER GENERAL FUND		120.0	120.0	127.2	127.2	127.2	130.5*	-0-	231.1	(234.4)	278.8
INTER-AGENCY RECEIPTS											

*Expenditures and encumbrances in this column are projections of current reimbursement levels. Actual cash outflow cannot exceed current authorization. Reimbursement requests payments after total expenditure of all funds occurs will be withheld pending supplemental appropriation or other action.

AGENCY EDUCATION BRU FINANCIAL SUPPORT PROGRAMS COMPONENT 03-Pupil Trans. - Private REVISED 11-18-77

IE
ALASKA

MEMORANDUM

TO: Mike Harper, Chairman
 Budget Review Committee
 Office of the Governor

THRU: Nathaniel Cole
 Deputy Commissioner
 Department of Education

FROM: Greg Thies
 Management, Law & Finance
 Department of Education

DATE: November 21, 1977

FILE NO.

TELEPHONE NO.

SUBJECT: FY 78 Supplemental Requests, Pupil
 Transportation-Public/Private

This is in answer to your memo of November 1, requesting a full explanation of supplemental requests for the Pupil Transportation/Public and Private components of DOE's FY 78 Financial Support Program BRU. These supplemental requests represent an overall net increase in component GF funding in excess of FY 78 appropriations. No deletion or reduction of funds in another appropriation sufficient to cover these supplemental requests is contemplated at this time due to the grant formula requirements of this BRU.

PUPIL TRANSPORTATION - PUBLIC

The FY 78 appropriation for this component is \$14,371.3. Based on an interim sample of daily rates for new contracts which replaced 23 contracts that expired at the end of the 1976-77 school year, the department initially calculated a FY 78 shortfall of \$967.8. Using this projection, the department revised its FY 78 estimate to \$15,399.1, reflecting the new contract rates.

This revised projection now appears also to be understated due to (1) an unanticipated increase of 1453.4 route miles per day (14% over 1976-77 school year) in Fairbanks. (2) A 14% vehicle increase (from 50 for last year, to 57 in the 1977-78 school year) for regular pupil transportation routes in the Palmer and Wasilla areas, and (3) development of aggressive special education programs in many school districts under PI 94-142 and AS 14.30.347, requiring unusually expensive pupil transportation services (see attached).

Based on these changes in the proportion and scope of district pupil transportation programs statewide, the department now estimates a total FY 78 shortfall over the original FY 78 appropriation of \$14,371.3, to be \$1,865.1 or \$897.3 over our previous FY 78 shortfall projection.

Of particular significance in the overall shortfall of \$1,865.1, is Public Law 94-142, Education for All Handicapped Act of 1975 (see attached memo). A change in federal handicapped education laws now requires "transportation and such developmental, corrective, or other supportive services as are required ... (in) a written statement for a handicapped child". (Federal Register of August 23, 1977) In Alaska, this "written statement" is called an Individual Educational Program, and is required to contain specific recommendations that a special education student receive Special Education Pupil Transportation Services. In many instances, students now receiving special education transportation were not transported in the past due to the severity of their mental and/or physical handicaps.

November 21, 1977

Special Education Pupil Transportation is a fully cost-reimbursable portion of the Pupil Transportation - Public component, and has experienced substantial growth during the first 60 days of the 1977-78 school year, far exceeding our previous estimates for FY 78, particularly in the larger urban school districts.

PUPIL TRANSPORTATION - PRIVATE

The FY 78 appropriation for this component is \$127.2, the majority required for Fairbanks. The Fairbanks North Star Borough School District has begun reporting non-public pupil transportation as a separate reimbursement request from regular public pupil transportation, resulting in a more accurate accounting of actual expenditures and reimbursement for pupil transportation services to private schools in that district. However, the department underestimated the actual cost of private pupil transportation in Fairbanks, causing a shortfall of \$130.113 over FY 77 estimates (total non-public pupil transportation reimbursement for the 1976-77 school year by the department was \$250.1).

The department requests a supplemental of \$234.4 to cover the estimated shortfall over the appropriation of \$127.2 for FY 78. This shortfall reflects a 23% increase in route mileage (from 700 to 862.3 miles per day in Fairbanks). The district explains this increase as a trend for families to move from the downtown area into the suburbs. The private schools served are predominantly in the downtown area.

SUMMARY OF SUPPLEMENTAL REQUEST INCREASE

The dynamic nature of pupil transportation in Alaska is the result of, (1) "suburbanization" in Fairbanks; (2) a significant population growth in the Palmer and Wasilla areas; (3) increased special education pupil transportation efforts throughout the state to meet the requirements of PL 94-142 and AS 14.30.347.

The department's initial supplemental request estimate for FY 78 has proved to be understated compared to actual operating data on file for the first 60 days of the 1977-78 school year. We feel confident that a \$1,865.1 supplemental to the FY 78 public pupil transportation appropriation, and a \$234.4 supplemental to the private pupil transportation appropriation will meet the minimum essential funding requirements for reimbursement payments to the districts in FY 78.

cc: Marshall Lind
Ken Grieser
Barbara Thomas

GT:jh

Greg Theis
Coordinator of Transportation

(2).

November 17, 1977

Greg, in addition the above references to the Federal Register of August 23, 1977 and Section 602 of P.L. 94-142, Section 501 of the Vocational Rehabilitation Act of 1974 prohibits discrimination on the basis of handicap. No individual shall be excluded from participation in activities which receive federal financial assistance. Section 501 further states recipients may not deny the handicapped equality of opportunity, or provide services or benefits which are not as effective as that provided to non-handicapped. The act supports Section 602 of P.L. 94-142 which states the Individualized Education Program must document the extent to which a child will be able to participate in the regular classroom.

E. O.

MEMORANDUM

Greg Theis
Coordinator of Transportation

DATE

November 17, 1977

FILE NO.

TELEPHONE NO.

FROM:

Ed Obie
Program Manager
Office for Exceptional Children

SUBJECT

P.L. 94-142
Education for All Handicapped
Act of 1975 (Nov. 23, 1975)

Purpose: To assure that all handicapped children have available to them a free appropriate public education which emphasizes special education and related services designed to meet their unique needs, to assure that children and parents' rights are protected, to assist states and localities and to assure effectiveness of efforts.

"Free appropriate public education" as defined in 121a.4 of Subpart A (Federal Regulations, P.L. 94-142, Federal Register August 23, 1977), means "special education and related services which ... are provided in conformity with an individualized education program."

"Related services" as defined 121a.13 (Federal Regulations, August 23, 1977) means "transportation and such developmental, corrective, or other supportive services as are required to assist a handicapped child benefit from special education..."

"Individual Educational Program" means "a written statement for a handicapped child that includes present level of educational performance, annual goals, statement of specific special education and related services to be provided to the child..." (121a341 Federal Regulations, August 23, 1977.)

In essence, Greg, special education and related services (including transportation requirements) are largely defined by the special needs of respective handicapped individuals as documented in the handicapped persons individualized educational programs. The IEPs are designed by a minimum of three persons; LEA administrator, teacher, parent, and at least one professional specialist qualified to provide, or supervise the procession of, specially designed instruction to meet the unique needs of the exceptional child.

Sec. 14.30.44. Transportation of exceptional children. When transportation is required to be provided as part of special services, exceptional children, whenever practicable, shall be carried separately from the children attending regular classes. State reimbursement for transportation of exceptional children shall be as provided for transportation of pupils attending regular classes except that eligibility for reimbursement shall not be subject to restriction based on the minimum distance between the school and the residence of the exceptional child. (Sec. 1 ch 105 SLA 1966)

Sec. 14.30.50. Definitions.

(1) "exceptional children" means children who differ markedly from their peers to the degree that they are better served by placement in a special learning program designed to serve their particular exceptionality; these children may be identified in the following categories:

(A) "mentally retarded" includes those children of educable and trainable mind who consistently demonstrate evidence of reduced academic achievement or social behavior and whose intellectual potential indicates restriction significantly below that of their peers;

(B) "physically handicapped" includes children whose known or diagnosed physical impairments are so severe or involved that special facilities, equipment or methods are needed to make their educational program effective;

(C) "emotionally handicapped" includes children whose known or diagnosed emotional impairment is so severe or involved that special facilities, equipment or methods are needed to make their educational program effective;

(D) "children with learning disabilities" includes those who exhibit disorders in one or more of the basic learning processes involved in comprehending or using expressive or receptive language and who may require special facilities, equipment or methods to make their educational program effective;

(E) "gifted" includes children having outstanding intellect, ability or creative talent; programs or services beyond the level of those ordinarily provided by regular school programs shall be submitted to the department for supplemental funding on an approved program basis;

(F) "multiple - handicapped" includes children whose known or diagnosed handicaps are determined to be any combination of (A) - (E) of this paragraph whose needs demand the provision of special facilities, equipment or methods to make their educational program effective;

(2) "special services" means but is not limited to transportation, special teaching, corrective teaching, corrective habits, and the provision of special seats, books, teaching supplies, facilities, and equipment required for the instruction of exceptional children, and includes education and training for children who cannot utilize regular classroom instruction. (Sec. 14 ch 144 SLA 1970)