

LEG. FINANCE - BILLS 1985 - 1986 2286

HCR 36 cont. - HCR 47 2286

	HUB	CARRIERS	82 FARE	83 FARE	INCREASE	% INCREASE	great circle miles	1983 & per mile	May 1985	1985 f. Per Mile
PQS	KSM	WIC	21.00	28.00	4.00	16.66	16	1.75	28 ⁰⁰ 2E	1.75
PTU	BET	K3 WIC	48.00 56.00	49.57 55.00	1.37	2.85	123	.40	55 ⁰⁰ AS	.45
PHO	OTZ	XY WIC	65.00 75.00	66.85 84.00	1.85	2.84	150	.44	70 ⁰⁰ AS	.47
PIZ	BRW	6C	Not listed in OAG	6C 114.48	-	-	180	.63	130 ⁰⁰ 6C	.72
PCK	BTT	Not in OAG	OAG				-	-		
JGSONOKLE) PCA	DLG	4Y KO	20.00 18.47	21.60 -	1.60	8	28	.77		
KPY	ADD	KO	23.33	24.00	.67	2.87	24	1.00	29 ⁰⁰ KT	1.21
PTH	ANC	RV	192.00	212.00	20.00	10.41	424	.50	212 ⁰⁰ RV	.50
ORI	ADD	KO	20.40	21.00	.60	2.94	16	1.31	20 ⁰⁰ KT	1.25
	NO SERVICE REQUIRED UNDER EAS						-	-		
KPR	ADD	KO	37.92	39.00	1.08	2.84	47	.82	51 ⁰⁰ KT	1.09
LDHORSE) ^{see} PUO	ANC	WIC/AS	192.00	211.00	19.00	9.89	631	.33	257 ⁰⁰ AS 284 ⁰⁰ BF	.41 .45
UQF	DLG	K5/4Y	K5 21.00	4Y 21.60	.60	2.85	12	1.80		
RMP	FAI	X6 WIC	44.00 50.00	54.00 54.00	10.00	22.72	82	.65		
RDU	ANT	WIC	37.00	41.00	4.00	10.81	73	.56		
RBV	GAL	X6 WIC	31.00 24.00	31.00 31.00	7.00	27.00	44	.70	35 ⁰⁰ 4H	.80
RSH	BET	K3 WIC	48.00 56.00	49.37 55.00	1.37	2.85	71	.69	55 ⁰⁰ AS	.77
SGW	PSG	No service required					-	-		
SNG	AKN	Not in OAG					-	-		
KSM	ANC	WIC	147.00	159.00	12.00	8.16	442	.35	192 ⁰⁰ AS	.43
SMK	UNK	WIC	35.00	38.00	3.00	8.57	47	.80		
SNP	ANC	RV	354.00	392.00	38.00	10.73	767	.51	392 ⁰⁰ RV	.51
SDP	ANC	RV	245.50	272.00	26.50	10.79	557	.48	270 ⁰⁰ RV	.48
UGI	ADD	KO	21.40	31.00	9.60	44.85	31	1.00	40 ⁰⁰ KT	1.29
CAP	CSH	Not in OAG					-	-		
SVA	OME	XY WIC	68.00 76.00	69.94 102.00	1.94	2.85	162	.43	70 ⁰⁰ AS	.43

one survey

	HUB	CARRIERS	82 FARE	83 FARE	\$ INCREASE	% INCREASE	great circle miles	1983 \$ Per mile	May 1985	1985 \$ Per Mile
SCM	BET	KZ WC	52.00	53.48	1.48	2.84	145	.36		
			60.00	59.00	-1.00	-1.66		.40		
WIK	OTZ	XY WC	40.00	41.15	1.15	2.87	74	.55	40 ⁰⁰ AS	.54
			47.00	52.00	5.00	10.63		.70		
SHX	ANT	WC	56.00	61.00	5.00	8.92	77	.79		
SKK	OME	XY WC	75.00	77.14	2.14	2.85	130	.59	60 ⁰⁰ AS	.46
			35.00 UNK	37.00 UNK	2.00 UNK	5.71 UNK		UNK		
JXP	KSM	WC	45.00	49.00	4.00	8.88	59	.83	49 ⁰⁰ 2E	.83
SYA	ANC	RV	510.50	565.00	54.50	10.67	1456	.38	515 ⁰⁰ RV	.39
SHH	OME	XY WC	58.00	59.60	1.60	2.76	122	.48	60 ⁰⁰ AS	.49
			64.00	99.00	35.00	54.68		.81		
SHG	OTZ	XY WC	60.00	61.70	1.70	2.83	148	.41		
			68.00	75.00	7.00	10.29		.50		
SIT	JNU	AS	50.00	54.00	4.00	8	95	.56	65 ⁰⁰ AS	.68
	NO SERVICE	REQUIRED	UNDER EAS							
SGY	JNU	SE SF	48.00	65.00	17.00	35.41	81	.80		
			55.00	70.00	15.00	27.27		.86		
SKW	ANC	Radio	OAG	denied by	Allegiant Air	denied	denied	denied	USPS Contract	
SLQ	ANT	WC	37.00	41.00	4.00	10.81	78	.52		
SOL	OME	Radio	OAG							
WSN	AKN	KS KN	30.00	30.80	.80	2.66	13	2.37		
			14.58							
WBB	UNK	WC	35.00	39.00	4.00	11.42	52	.75		
SVS	FAT	XG WC	44.00	54.00	10.00	22.72	90	.60		
			50.00	54.00	4.00	8		.60		
JRV	ANT	WC	41.00	45.00	4.00	9.75	98	.45		
TCT	MCG	WC	24.00	28.00	4.00	16.66	15	1.86		
TAL	FAT	XG WC	32.00	35.00	3.00	9.37	127	.27	48 ⁰⁰ 4H	.38
			46.00	35.00	-11.00	-23.91		.27		
TLT	MCG	WC	24.00	28.00	4.00	16.66	13	2.15		
TEK	CDV	Radio	OAG	denied by	Champion Flying Service	denied	denied	denied	USPS Contract	
	NO SERVICE	REQUIRED	UNDER EAS							
TLA	OME	XY WC	45.00	46.30	1.30	2.88	59	.78	40 ⁰⁰ AS	.68
			56.00	60.00	4.00	7.14		1.01		
E SPRINGS)TKE	JNU	AS/IH	42.00	45.00	3.00	7.14	50	.90	47 ⁰⁰ IH	.94
KT	ADQ	O	27.23	28.00	.67	2.46	26	1.07	34 ⁰⁰ KT	1.31

	HUB	CARRIERS	82 FARE	83 FARE	INCREASE	% INCREASE	great Circle miles	1983 Per Mile	May 1985	1985 \$ Per Mile
	ON DEMAND						-			
TNC	OME	XY WC	60.00 68.00	61.70 75.00	1.70 7.00	2.83 10.29	103	.59 .72		
TOG	DLG	YY KD	35.00 33.05	36.00 34.00	1.00 .95	2.85 2.87	67	.53 .50	20 ⁰⁰ 4Y	.30
OOK	BET	KJ WC	42.00 48.00	43.20 48.00	1.20 0	2.85 0	113	.38 .42		
TLT	BET	KJ WC	24.00 28.00	24.70 29.00	.70 1.00	2.91 3.57	36	.68 .80		
WTL	BET	KJ WC	22.00 25.00	22.63 25.00	.63 0	2.86 0	41	.55 .60		
TNK	BET	KJ WC	42.00 48.00	43.20 48.00	1.20 0	2.88 0	118	.36 .40		
TWA	DLG	KJ	35.00	36.00	1.00	2.85	63	.57		
	SEE SAN JUAN						-	-		
UGA	AKN	KS	80.00	82.30	2.30	2.87	86	.95	80 ⁰⁰ KS	.93
UMT	FAI	Not in OAG					-	-		
(OLSKI) TKO	CDB	RV	140.00	155.00	15.00	10.71	294	.52		
UNK	ANC	WC	140.00	152.00	12.00	8.57	-	.38		
UTO	GAL	XG WC	69.00 78.00	75.00 75.00	6.00 0	8.69 0	128	.60 .58	86 ⁰⁰ 4H	.67
VDZ	ANC	XX VC	68.00 59.70	70.00 59.35	2.00 1.65	2.94 2.85	125	.56 .47	75 ⁰⁰ AS	.60
VEE	EYU	XG WC	26.25 30.00	34.00 34.00	7.75 4.00	29.52 13.33	45	.75 .75		
AIN	BRW	WC	45.00	69.00	24.00	53.33	87	.79	69 ⁰⁰ 6C	.79
WAA	OME	XY WC	60.00 68.00	61.70 74.00	1.70 6.00	2.83 8.82	109	.56 .67		
KWP	ADQ	KO	30.14	31.00	.86	2.85	37	.79	42 ⁰⁰ KJ	1.08
WMO	OME	XY WC	45.00 56.00	46.30 60.00	1.30 4.00	2.88 7.14	62	.74 .96		
WSM	FAI	XG	NOT IN OAG	126.00	-	-	190	.66		
	ON DEMAND						-	-		
WIRG	JNU	AS	69.00	75.00	6.00	8.69	154	.48		
YAK	ANC	AS	99.00	107.00	8.00	8.08	372	.28	118 ⁰⁰ AS	.32
KZB	ADQ	KO	40.83	42.00	1.17	2.86	47	.85	55 ⁰⁰ KJ	1.12

DISTRICT AIRFARE RATES
 ROUNDTrip AIRFARE FROM/TO ANCHORAGE
 MARCH 24, 1986

<u>REEVE ALEUTIAN</u>	<u>COACH</u>	<u>*SUPER SAVER</u>	<u>OTHER</u>
ADAK	\$ 866.00	650.00	
COLD BAY	604.00	453.00	
DUTCH HARBOR	620.00	465.00	
KING COVE	624.00	541.00	
SAND POINT	562.00	422.00	
SHEMIYA	1176.00	882.00	
ST. PAUL	816.00	612.00	
 <u>AIRPAC</u>			
DUTCH HARBOR	682.00	512.00	
 <u>MARKAIR</u>			
DILLINGHAM	320.00	241.00	163.00 (1)
KING SALMON	320.00	241.00	163.00 (1)
 <u>ALASKA AIRLINES</u>			
ILLIAMNA	162.00	120.00	

* Reeve Aleutian: 7 days advance purchase
 All others: 14 days advance purchase

(1) Weekend Rate

MEMORANDUM

TO: Representative Adelheid Herrmann
 FROM: Melanie Ludvick *M.L.*
 DATE: March 19, 1985
 SUBJECT: District Airfare Rates

The following airfare rates are listed by airline and came directly from the airline reservation offices:

REEVE ALEUTIAN AIRWAYS

		<u>SUPER SAVER</u>
ADAK	\$ 790.00	\$ 592.00
COLD BAY	580.00	435.00
DUTCH HARBOR	596.00	448.00
KING COVE	600.00	519.00
SAND POINT	540.00	375.00
SHEMIYA	1130.00	847.00
ST. PAUL	784.00	588.00

AIRPAC

		<u>SUPER SAVER</u>
DILLINGHAM	366.00	241.00
DUTCH HARBOR	594.00	447.00
KING SALMON	336.00	218.00

MARKAIR

		<u>SUPER SAVER</u>	<u>WEEKEND RATE</u>
DILLINGHAM	320.00	241.00	186.00
KING SALMON	292.00	218.00	150.00

ALASKA AIRLINES

		<u>SUPER SAVER</u>
ILIAMNA	162.00	119.00

MEMO
MARCH 19, 1985
PAGE TWO

All of the regularly scheduled flights listed on the preceding page were for round trip and gives you an idea of what the average prices would be for traveling out to the district.

As for the communities without scheduled flight service from major airlines, the small charter services have some set rates to the smaller communities. If a set rate isn't available the charter services charge an average of about \$160.00 per hour for their smaller planes and go high for the larger planes. I spoke with people at both Yute Air and Peninsula Airways, the two main ones in the district, I think. The rest usually follow suit to keep in the competition.

ML

STATEMENT
OF
LARRY MERCULIEFF
CS FOR HOUSE CONCURRENT RESOLUTION 36
HOUSE FINANCE COMMITTEE
March 27, 1986

Mr. Chairman, Members of the Committee, my name is Larry Mercurieff, representing the City of St. Paul and the St. Paul Trust. My primary task, as an economic development advisor for the City and the Trust, is to seek means by which the community of St. Paul can be economically self-sufficient before Trust funds (which support critical island services) are depleted. I also serve as chairman of the Western Alaska Fishery Loan Board of CEDC which administers a million dollars of revolving loan funds to support developing small boat fisheries in western Alaska.

I wish to speak in support of the committee substitute for HCR 36. As you all know, marine and air transportation to rural Alaska is extremely important for good economic development. In the west coast of Alaska, the primary means by which the communities can develop meaningful entre into the Bering Sea fisheries is by transporting product by air to the markets. In developing coastal fisheries, we have a chicken or egg syndrome. Efficient, low-cost marine transportation cannot financially justify stop-over in a community with low volumes of fish product

to transport. By the same token, developing fisheries communities cannot develop their full potential until low-cost and efficient marine transportation is available and local cold storage facilities are available. This requires, initially, that such communities transport product by air. Obviously, the more cost-efficient the air transportation, the more competitive such communities will be in the various fish markets, and thus, the more likely the developing fisheries will expand.

Needless to say, air transportation costs for passengers and cargo to and from rural communities is costly, affecting every aspect of community economic development. I believe the State of Alaska needs to obtain a clear picture of these costs and the factors which affect them in order to begin addressing the development of integrated and comprehensive plans which achieve the goal of lowering air and marine transport costs in rural Alaska. For example, one factor affecting air transport cost is the method of tendering the mail to the airlines by the U.S. Post Office. Should the U.S. Post Office consider changing their present policies (of what is called equitable tender of mail) to eliminate certain categories of air carriers or somehow make such categories less competitive in their tendering policies, many rural communities may receive less service or experience higher costs, or both, due to a lessening of competition. We understand that at least one special interest group is seeking just such policy changes within the U.S. Post

Office. The point is, the more aware we are of major factors affecting air transport costs, the more able we are to direct efforts to control such factors - and/or to develop plans to lower costs. Certainly we cannot make any impacts on costs without reliable information. We believe that the studies and analyses proposed by CS for HCR 36 is a good step in the right direction..

Thank you.



Dept. of Transportation & Public Facilities

Position Paper

BILL NO: HCR 36 TRANS

TITLE: Intrastate Air Travel

APPROVED: *[Signature]*
R. J. Knapp
Commissioner

DATE: 2/12/86

The Department supports the goals of this bill which we assume to be a concern for reducing, insofar as practicable, the costs for air travel within the State of Alaska. However, there is some question as to how involved the State should get in private industry decisions in a deregulated environment.

The DOT&PF has undertaken a cursory review of air fares for one airline only. This paper (attached) indicates that for one air carrier serving in and out of Alaska, the per mile fare is higher for routes within the State. In evaluating this information, however, it is crucial to consider the different characteristics of the individual routes involved (traffic loads, staging length, competition, etc.)

Part of this analysis also compared costs for in-State routes with costs for routes of comparable length in the lower 48 states. In general, it appeared that the in-State routes were quite comparable and, in some cases, lower than the lower 48 routes of comparable length.

This information is very cursory and cannot be viewed as conclusive, but it does indicate that if there is unfair pricing within the State, it will likely be very difficult to prove.

The DOT&PF will administer the study suggested in HCR 36 if the Legislature deems it advisable. A description of the study is shown on the accompanying fiscal note.

- D R A F T -

ALASKA/LOWER 48 STATES AIR FARES

DOT&PF - STATEWIDE AVIATION

December 2, 1985

I. INTRODUCTION

This paper conducts two analyses of air fares. The first is a comparison of representative airlines (RA) air fares over three types of routes:

- (1) routes between points in Alaska,
- (2) routes between points in Alaska and points in the Lower 48 States, and
- (3) routes between points in the Lower 48 States.

The intent is to determine how RA air fares in Alaska compare to their air fares in the Lower 48 States. For ease of comparison and data collection, only coach and SuperSaver fares RA have been used.

The second analysis is a comparison of several of RA air fares and air fares of other airlines for trips of comparable length in the Lower 48 States. The intent of this analysis is to determine how RA air fares compare to fares of other airlines. Only coach fares have been compared, again for ease of comparison and data collection.

II. RA FARES; Within Alaska, Alaska to Lower 48 States, and Within the Lower 48 States

Table I compares average RA fares for three types of routes in Alaska and the Lower 48 States.

TABLE I
RA
AVERAGE COACH AND SUPERSAVER
FARES/MILE

<u>RA Routes</u>	<u>RA Coach Fares/Mile</u>	<u>RA SuperSaver Fares/Mile</u>
Within Alaska	\$.30	\$.22
Alaska to Lower 48	.21	.15
Within the Lower 48	.22	.15

The Table shows that fares for travel within Alaska far exceed other fares. There may be a variety of explanations for this. Higher labor and operation costs and shorter stage lengths (flight distances) for RA routes within Alaska compared to the Lower 48 States could be one cause of the differential. In addition, traffic densities and load factors are likely to be lower in Alaska. The low traffic in Alaska also results in fewer carriers competing with RA compared to the relatively stiff competition for heavier traveled routes between Alaska and the Lower 48 States and between points in the Lower 48 States.

Table 1 also shows that RA fares for travel between Alaska and the Lower 48 States are comparable to their fares for travel within the Lower 48 States. Some fares are higher than others, but on the average, they are comparable.

Actual fares for travel between points in Alaska are shown in Table A-I in the Appendix. Only fares from Anchorage to outlying communities were used because RA routes to the outlying communities originate in Anchorage. For example, to fly Fairbanks to Deadhorse would require a flight from Fairbanks to Anchorage and another flight from Anchorage to Deadhorse.

Fares range from the highest fare/mile for service to Cordova which has low traffic, a short stage length and only air taxi competition, to the lowest fare in the Anchorage to Fairbanks market which has higher traffic, heavier loads, and greater competition. It should be noted that fares to points in Southeast Alaska are as much as three cents/mile less than the average fares for other routes within Alaska. These fares may be slightly artificially low due to subsidies provided through the Essential Air Service (EAS) program.

Actual fares for travel between Alaska and the Lower 48 States are shown in Table A-II in the Appendix. Fares have been shown from Anchorage, Fairbanks, and Juneau because most routes originate from these points. Coach and SuperSaver fares from Anchorage average about one cent/mile less than fares from Fairbanks and Juneau. The highest fares/mile are for routes to Seattle and Portland while the lowest fares/mile are for the longer routes to Phoenix and Tucson.

Actual fares for travel between points in the Lower 48 States are shown in Table A-III. Fares have been shown for travel from Seattle and Portland since most of the RA routes in the Lower 48 States arrive or depart from these cities.

III. AIR FARES,

This analysis compares air fares for several of RA routes to fares of other airlines for routes of comparable length in the Lower 48 States. Only coach fares are compared and none of RA routes entirely within the Lower 48 States were examined.

Table II summarizes the results of this comparison. This table shows that, except for routes from Fairbanks to Seattle and Anchorage to Deadhorse, RA flights were consistently cheaper per mile than routes of comparable length by other airlines.

This data has limitations in that only 5 or 6 Lower 48 routes were used for each comparison. In addition, in the case of comparisons of routes within Alaska to routes in the Lower 48 States, in some instances the aircraft flown in the Lower 48 are different from aircraft flown in Alaska. Furthermore, many routes within Alaska utilize 737 aircraft equipped for cargo and passenger loads. In general, however, it appears that RA fares are generally lower than fares of other airlines in the Lower 48 for routes of comparable length.

TABLE II
COMPARISON OF RA FARES TO OTHER AIRLINES' FARES

<u>RA Route</u>	<u>Approximate Stage Length</u>	<u>RA Coach Fare/Mile</u>	<u>Other Airlines' Average Coach Fare/Mile for Lower 48 Routes of Comparable Length</u>
Anchorage-Seattle	1450 miles	\$.22	.24
Fairbanks-Seattle	1550 miles	.25	.23
Juneau-Seattle	900	.25	.23
Ketchikan-Seattle	650	.27	.30
Anchorage-Deadhorse	627	.38	.36
Anchorage-Petersburg	677	.20	.36
Anchorage-Sitka	592	.23	.36
Anchorage-Wrangel	700	.27	.36
Anchorage-Bethel	500	.25	.42
Anchorage-Fairbanks	500	.21	.42
Anchorage-Home	530	.37	.42
Anchorage-Kotzebue	540	.30	.42

The Lower 48 States routes used to compare to RA fares are shown in Tables A-IV-AIX.

IV. CONCLUSIONS

The data presented in this paper suggests three conclusions, based on a fare per mile comparison.

(1) RA air fares for travel within Alaska are substantially higher than its fares for travel to and within the Lower 48 States. Higher labor and operations costs in Alaska and lower stage lengths and load factors may be the primary reasons for the higher fares for travel in Alaska.

(2) RA air fares for travel from Alaska to the Lower 48 States are, on the average, comparable to RA fares for travel within the Lower 48 States.

(3) RA fares for travel within Alaska and from Alaska to the Lower 48 States are usually lower than fares of other airlines for routes of comparable length in the Lower 48 States.

TM/sg

Alaska State Legislature



House of Representatives

Committee on Transportation

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

Rep. Bette Cato, Chairman

DATE: 12 FEBRUARY 1986
TO: COMMITTEE MEMBERS
FROM: STAFF
RE: CSHCR 36

January 29, 1986 hearing on CSHCR 36:

Representative Herrmann, sponsor of the resolution, explained that the intent of HCR 36 was to direct the departments of Transportation and Commerce to develop information on what is causing the prices on travel to rural areas to be so high and to determine whether these prices are reasonable.

The change to HCR 36 and adopted as a committee substitute provided language clarification that the object of the study effort is to target on the major carriers who provide air service from the state's urban areas to and from rural Alaska... not directed to the small bush taxi operators.

There were several close-up students who testified in favor of the resolution who were from Sand Point, St. Paul; along with the Department of Transportation and Representative Wallis who also favored the resolution.

The committee discussed the use of the adjective "profiteering" of which a motion was made to remove the term; that motion failed.

A vote was taken to pass CSHCR 36 out of committee.

January 30, 1986

CSHCR 36 was brought before the committee to consider two fiscal notes and to allow testimony.

Reed Stoops, representing the Alaska Air Carriers Association stated that they are in favor of the study and that the focus of the study ought to be whether service to rural areas is even viable, not on an investigation that would focus on

unreasonable profits. AACA is not aware of the significant increases which are cited in the resolution, rather profits are at a historically low point right now. He requested the opportunity for additional information to work with the committee and/or sponsor on this resolution.

A motion was made to rescind the committee's action of the previous day and bring the resolution back before committee to allow the departments of Transportation and Commerce to revise their fiscal note and further clarify the intent of the resolution.

February 12, 1986

Additional information has been provided which is:

-2/12/86 fiscal note from DOT

-2/12/86 DOT position paper

-December 2, 1985 ALASKA/LOWER 48 STATES AIR FARES

It is staff's understanding that the Department of Transportation will be the lead agency on the directives of HCR 36 and will consult with the Department of Commerce as necessary. Thus, the reason for not having an up-dated fiscal note or position paper from the department of Commerce.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

July 3, 1985

MEMORANDUM

TO: Representative Adelheid Herrmann
FROM: Jonathan Sherwood
Legislative Analyst
RE: Airfares in Rural Alaska
Research Request 85-345

You requested that we provide information on the rise in airfare for routes in rural Alaska, and on the costs and other factors associated with such rises. We have examined an informal survey of rural airfares provided by the U.S. Department of Transportation and contacted individuals familiar with rural airlines operation and obtained the following information.

Recent Trends in Rural Airfares

It was the consensus among the individuals I contacted that, taken as a whole, rural airfares have not increased substantially during the last few years. Dianna Strain, Transportation Analyst for the U.S. Department of Transportation, provided an informal survey of rural airfares which compared rural airfares in 1982, 1983, and 1985 for over 100 routes (see attachment). The points included in the survey are locations designated "Essential Air Service Communities" under Section 419 of the Airline Deregulation Act of 1978. While it should be emphasized that the results of this survey are not conclusive, they are somewhat indicative of overall trends in rural airfares.

My review of the survey indicates that, based on data from 75 routes, the cost per mile of rural air travel increased at an annual rate of 3.7 percent between 1982 and 1985.¹ Based on data from 86 routes,

¹Fares were not available for all points for all years. Some routes were excluded because of inadequacy in the data. In addition, I compared fares only between the same carrier or comparable carriers. Discussions with officials in air transportation indicated that jet travel is priced at a premium compared to prop aircraft. While it is not possible to determine which aircraft are used on a particular route, I did not compare airlines which use jets extensively to those which do not.

rural airfares increased at an annual rate of 2.6 percent from 1983 to 1985. One reason why the rate of increase is greater for the 1982 to 1985 period is that the period includes an increase in the federal tax on airfares of 3 percent. The annual growth rate between 1982 to 1985 drops to 2.7 percent when this tax increase is factored out.

It should be noted that although the overall growth in rural airfares was small for the periods of comparison, airfares increased sharply on some routes. For example, fares for 39 of the 75 routes (52 percent) compared between 1982 and 1985 increased. Almost all of these increased by at least 10 percent; more than half increased by more than 25 percent (or 7.7 percent annual growth) and six of the routes increased by over 50 percent (or 14 percent annual growth). However, these increases were partially offset by many instances of sharp decreases in fares on other routes.

Between 1982 and 1985, four of the airlines whose fares were included in the survey went bankrupt. It is interesting to note that all six of the fares that increased by more than 50 percent in this period involved routes that were initially served by one of the bankrupt carriers. Three of these routes are in the Kodiak area and three routes were in the Interior.

~~According to Dianna Strain, the overall increases in rural airfares were less than the increases in fares of larger national and regional carriers over the same period of time. In comparison to rural airfares, Alaska Airlines reported a 10 percent increase in base fares in 1983, and a 12 percent increase in 1984.² Thus, over roughly the same period that rural airfares were increasing by 2.6 percent annually, a national carrier operating in Alaska was increasing fares by 11 percent annually.~~

Ted Lamb, with Seair Alaska, stated that one of the reasons rural airfares generally have not increased significantly is that there are currently too many seats available among rural carriers for all of the carriers to operate profitably. Currently, airlines are trying to capture a market share in recognition that not all existing carriers will be able to sustain profitable operations. Bob Jacobson, of Wings of Alaska and President of the Alaska Air Carriers Association, stated that because of deregulation, there are now more carriers and more competition. He noted that many carriers are operating with little or no profit margin.

Mr. Jacobson also cited stable insurance rates as a factor contributing to the small growth in rural airfares. Over the last few years, accident rates had been improving and rates have stabilized. However, he

²Alaska Airlines, Annual Report 1984, p.9.

noted that accident rates appear to be increasing this year and carriers could be faced with increases in insurance rates in the near future.

Discount Fares

Recently, major, national, and some regional airlines have begun offering very low discount fares. These fares, which are usually less than one-half the regular fare, make it possible for some people to fly most of the larger routes in the country for a significantly lower fare than was previously available. However, these fares usually have several restrictions; a limited number of such fares are available for each flight, reservations and payment must be made well in advance, and penalties are imposed for any changes or cancellations.

According to Dianna Strain, the larger carriers are offering these discount fares for competitive reasons. According to Alaska Airlines, the "discount fares implemented in early 1985...are expected to stimulate additional travel without affecting yields materially."³ It would appear that these fares are intended to capture marginal fliers, not lower the cost of flying for the larger public.

Ms. Strain noted that although rural airlines generally have not instituted these fares, some carriers are instituting other types of discount fares to compete in their own markets. For example, Seair is offering a one-half price fare on some of its routes for tickets purchased after 4 p.m. on the day before the flight. Ted Lamb stated that rural carriers currently offer discounts to capture a larger market share; however, he questioned whether rural carriers could afford to offer discounts indefinitely, given the current financial status of many carriers.

Costs of Operation for Rural Airlines

According to Ted Lamb, the cost of operating large commercial jet aircraft is significantly less than operating small aircraft when compared on a per-seat basis. Mr. Jacobson noted that insurance costs are a greater factor for small rural airlines in Alaska than for large carriers. Mr. Lamb acknowledged that some of the cost disadvantages of small carriers are offset by lower labor costs per hour; however, he did not believe that these costs would be lower if they were also computed on a per-seat basis. According to Dianna Strain, some rural airlines do price their fares below jet fares on the same route, but

³Alaska Airlines, Annual Report 1984, p.9.

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she explained that this was a competitive move, intended to offset the market's preference for jets, and it did not reflect lower operating costs.

* * *

I hope that you find this information useful. If you have any questions, or if we can be of further assistance to you, please do not hesitate to contact us.

JS

Attachment

SURVEY OF PASSENGER COACH FARES AS PUBLISHED IN THE OAG

A COMPARISON BETWEEN MAY 1982 AND MAY 1983

The attached tabulation is an informal survey of passenger fares to Alaskan essential air service communities from their respective service hubs. The data was for the most part extracted from the May 1982 and May 1983 issues of the Official Airline Guide.

Southeast is currently being served by carriers who were subcontractors for Alaska Airlines. On a per mile basis, fares appear to be approximately 34% higher in Southeast over comparable stage lengths in the Bethel or Fairbanks bush.

Wien has competition at most bush points and remains the sole monopoly carrier at seven jet points and fewer than 15 bush points. Wien's May 1983 fares are approximately 9½% higher than SEAIR's in the Bethel bush and 21½% higher than Munz Northern in the Nome and Kotzebue bush. In 1982, when Air North was a relatively new 401 entrant in the Fairbanks, Bettles, Fort Yukon and Galena bush markets, their fares were substantially lower than Wien's. By May 1983, Air North had matched Wien's fares in all but seven markets. To meet Wien, Air North's fares have risen for the most part from 20 to 30%.

The purpose of this informal study is to compare fares a few months after tariff deregulation. It appears that most fares have not taken a substantial increase. The few isolated instances are primarily out of Juneau, and points where Wien is either the monopoly carrier, or where Wien's only competitor is also a Wien subcontractor, and as such charges the same fare as Wien.

Reeve's fares increased an average of 10½%, except a less than 3% increase for Dutch Harbor, the only Reeve market served by a competitor, Airpac.

SEAIR, Kodiak Western, Munz Northern, Peninsula and Yute have all had increases which average slightly less than 3% which offsets the tax increase of October 1982.

Peninsula's fares in 1982 were almost double what Kodiak Western charged in the King Salmon area.

Alaska's jet fares increased an average of 8% with the exception of Yakutat which increased about 20%.

Wien's fare increases appear to be patterned on competition rather than anything else. For the most part Wien did not increase their Bethel bush fares and in fact lowered several. Where Wien competes with Air North, fares increased by \$2, \$4, or \$7, however, Wien also had a few 12% decreases. A \$4 increase seems the most popular with Wien rather than a percentage. Wien's increases in the Nome and Kotzebue bush vary from seven to thirty-six percent. A glance at the June issue OAG indicates that Wien is lowering many of these fares with the advent of competition with Alaska Airlines in the Nome and Kotzebue bush. Wien's monopoly point Wainwright increased by 53% from May 1982 to May 1983, the largest single percentage increase of the points surveyed.

ALASKAN CARRIERS

AS - Alaska Airlines, Inc.
IH - Channel Flying, Inc.
JF - L.A.B. Flying Service, Inc.
KJ - Sea Airmotive, Inc.
KN - Tyee Airlines, Inc. *Bought by Trans Alaska*
KO - Kodiak Western Alaska Airlines, Inc. *Chapter 7*
KS - Peninsula Airways, Inc.
RV - Reeve Aleutian Airways, Inc.
WC - Wien Air Alaska, Inc. *Chapter 11*
XG - Air North *Chapter 7*
XX - Valdez Airlines *Chapter 7*
XY - Munz Northern Airlines, Inc. - *Bought by Ryan Air*
4Y - Yute Air Alaska, Inc.
6D - Alaska Island Air, Inc.
BF - MARK AIR
2E - HERMENS AIR
4H - HAROLD'S AIR
6C - CAPE JIM THE

HUB POINTS

ADQ - Kodiak, Alaska
AKN - King Salmon, Alaska
ANC - Anchorage, Alaska
BET - Bethel, Alaska
BRW - Barrow, Alaska
BTT - Bettles, Alaska
CDB - Cold Bay, Alaska
CDV - Cordova, Alaska
DLG - Dillingham, Alaska
FAI - Fairbanks, Alaska
FYU - Fort Yukon, Alaska
GAL - Galena, Alaska
JNU - Juneau, Alaska
KSM - St. Mary's, Alaska
KTN - Ketchikan, Alaska
OME - Nome, Alaska
OTZ - Kotzebue, Alaska
PSG - Petersburg, Alaska
UNK - Unalakleet, Alaska

Carrier	City	1982 Fare	1983 Fare	% Increase	Great Circle Miles	Per Mile
KRC	FYU	XG WC 26.25 / 30.00	34.00 / 34.00	7.95 / 4.00	27	1.25
RCW	CDV	NAB WC OAG				
KTS	OME	XY WC 45.00 / 56.00	46.50 / 60.00	-1.30 / 4.00	104	.72
BKC	DTZ	XY WC 40.00 / 45.00	41.15 / 49.00	1.15 / 4.00	75	.54
CDI	OME/DTZ	NAB WC OAG				
LUR	DTZ	XY WC 80.00 / 98.00	82.50 / 106.00	2.30 / 8.00	165	.49
FHM	BET	K5 WC 59.00 / 68.00	60.70 / 67.00	1.70 / -1.00	148	.41
CZF	BET	K5 WC 59.00 / 68.00	60.70 / 67.00	1.70 / -1.00	156	.38
CYT	CDV	NAB WC OAG				
GEM	FAT	XG WC 44.00 / 50.00	54.00 / 54.00	10.00 / 4.00	104	.51
CIK	FYU	XG WC 26.25 / 30.00	34.00 / 34.00	7.95 / 4.00	41	.82
WCR	BTI	NAB WC OAG				
CYM	JNU	NAB WC OAG				
KCN	DUT	NAB WC OAG				
VAK	BET	K3 WC 52.00 / 60.00	53.48 / 59.00	1.48 / -1.00	136	.39
CXK	CXK	NAB WC OAG				
BET	BET	K3 WC 42.00 / 48.00	43.20 / 48.00	1.20 / 0	90	.48
KCG	PTH					
KCE	PTH					
KCL	PTH					
CZV	CDV					
CXC	CDV					
CRC	FAT	XG WC 44.00 / 50.00	54.00 / 54.00	10.00 / 4.00	131	.41
CHP	FAT	XG WC 44.00 / 50.00	54.00 / 54.00	10.00 / 4.00	106	.50
CLP	DLG	XY KC 21.00 / 21.58	21.60 / 21.60	.60 / 0	14	1.54
CDB	ANC				621	.45

HUB

CARRIERS FARE

MAY 1982

MAY 1983

INCREASE FARE

%

Great Circle Miles

Per Mile

1983

May 1985

1985 & Per Mile

I	HUB	CARRIERS	82		83		INCREASE	%	great circle miles	1983		1985 & Per Mile
			FARE	FARE	FARE	FARE				per mile	1985	
	GST	JNU LPA AS	45.00 42.00	54.00 45.00	9.00 3.00	20 7.14	41	1.31 1.09	400 ⁰⁰ AS	1.46		
	HNS	JNU SE JF	43.00 50.00	55.00 60.00	12.00 10.00	27.90 20	70	.78 .85	625 ⁰⁰ AS	.93		
	HUI	JNU	NAB	OAG			-	-				
	HAY	OMP	NAB	OAG			-	-				
R)	HZA	FAT	NAM	OAG			-	-				
	HCR	ANT	WC	35.00	39.00	4.00	11.42	43	.90			
	HOM	ANC	VC	43.35	44.60	1.25	2.88	117	.38	60 ⁰⁰ AS	.51	
	MNH	JNU	JF SE	37.00 33.00	45.00 42.00	8.00 9.00	21.62 27.27	35	1.28 1.20	47 ⁰⁰ AS	1.34	
	HPB	BFT	KS WC	52.00 60.00	53.48 59.00	1.48 -1.00	2.84 -1.66	153	.34 .38	57 ⁰⁰ AS	.39	
	HUS	GAL	XG WC	- 61.00	64.00 69.00	- 8.00	- 13.11	119	.53 .57	79 ⁰⁰ 4H	.66	
	HSL	GAL	XG WC	- 35.00	39.00 39.00	- 4.00	- 11.42	69	.56 .56	45 ⁰⁰ 4H	.65	
	HVG	KTN	KN AS	53.00 55.00	55.00 -	2.00 -	3.77 -	47	1.17 -	45 ⁰⁰ KN	.96	
	TCY	CDV	NAB	OAG			-	-				
	IGG	AKN	KO/KS	KO	KS			52		40 ⁰⁰ KS	.77	
	ILT	ANC	WC	75.00	81.00	6.00	8	195	.41	81 ⁰⁰ AS	.42	
	KIB	PTH	NAB	OAG			-	-				
	KAE	PSG	AS/16D	41.00	44.28	3.28	8	40	1.10			
	KAE	NO SERVICE	REQUIRED	UNDER EAS				-	-			
	KLG	ANI	WC	24.00	28.00	4.00	16.66	26	1.07			
	KAL	GAL	XG WC	- 35.00	39.00 39.00	4.00 4.00	11.42 11.42	61	.63 .63	45 ⁰⁰ 4H	.74	
	KYK	ADD	KO	36.94	37.99	1.05	2.84	74	.51	50 ⁰⁰ KJ	.68	
	ENA	ANC	KS/WC XE/VC	20.00 35.00	20.57 33.48	-	-	60	Varies .34 to .55	37 ⁰⁰ AS	.62	
	KTN	SEA	AS	149.00	156.00	7.00	4.69	679	.22	184 ⁰⁰ AS WA	.27	
	IAN	OTZ	XY WC	40.00 45.00	41.15 49.00	1.15 4.00	2.87 8.88	59	.69 .83	40 ⁰⁰ AS	.68	
	KVC	CDB	RV	38.00	42.00	4.00	10.52	19	2.21	42 ⁰⁰ RV	2.21	
	KPN	BET	KS	42.00 48.00	43.20 48.00	1.20 0	2.85 0	96	.45 .50			

	HUB	CARRIERS	82 FARE	83 FARE	+	% INCREASE	great circle miles	¢ per mile	May 1985	1985 ¢ Per Mile	
	KKB	ADQ	KO	21.40	22.00	.60	2.80	31	.70	34 ⁰⁰ KJ	1.10
	KVL	OTZ	XY WC	50.00 / 56.00	51.43 / 61.00	1.43 / 5.00	2.86 / 8.92	78	.65 / .78		
	KLW	KTN	KN AS	53.00 / 53.00	55.00 / -	2.00 / -	3.77 / -	58	.74 / -	50 ⁰⁰ KN	.86
	OBU	OTZ	XY WC	65.00 / 75.00	66.85 / 84.00	1.85 / 7.00	2.84 / 12	156	.42 / .53		
	KGK	DLG	4Y KO	35.00 / 33.05	36.00 / 34.00	1.00 / .95	2.85 / 2.87	109	.52 / .49		
	KKH	BET	KJ WC	42.00 / 56.00	43.20 / 48.00	1.20 / -8.00	2.85 / -14.28	76	.56 / .63		
	KOT	KSM	WJ	56.00	61.00	5.00	8.92	68	.89	61 ⁰⁰ 2E	.90
	KKA	OME	XY WC	75.00 / 88.00	77.14 / -	2.14 / -	2.85 / -	130	.59 / -		
	KVU	GAL	XG WC	- / 24.00	27.00 / 28.00	- / 4.00	- / 16.66	25	1.08 / 1.12	32 ⁰⁰ 4H	1.28
	KWT	BET	KJ WC	19.00 / 21.00	19.55 / 21.00	.55 / 4	2.89 / 4	13	1.50 / 1.61		
	KWK	BET	KJ WC	42.00 / 56.00	43.20 / 48.00	1.20 / -8.00	2.85 / -14.28	80	.54 / .60	48 ⁰⁰ AS	.60
	EMK	KSM	WC	45.00	49.00	4.00	8.16	63	.77	49 ⁰⁰ 3E	.78
4AG-AK	KWN	BET	KJ WC	34.00 / 40.00	34.97 / 40.00	1.97 / 0	5.79 / 0	71	.49 / .56		
	LMA	FAT	XG WC	68.00 / 45.00	69.90 / 49.00	1.90 / 4.00	2.79 / 8.88	148	.47 / .33	75 ⁰⁰ 4H	.51
	KLN	ADQ	KO	44.72	46.00	1.28	2.86	58	.79	40 ⁰⁰ KJ	.69
	ALZ	ADQ	KO	53.48	55.00	1.52	2.84	89	.61	74 ⁰⁰ KJ	.83
	KLL	AKN	KS KO	50.00 / 18.47	51.43 / -	1.43 / -	2.86 / -	31	1.65 / -	40 ⁰⁰ KS	1.29
GS	MLY	FAT	XG WC	30.00 / 35.00	37.00 / 37.00	7.00 / 2.00	23.33 / 5.71	83	.44 / .44		
	KMO	DLG	4Y KO	21.00 / 14.98	21.60 / 15.00	.60 / .42	2.85 / 2.88	20	1.08 / .75	20 ⁰⁰ 4Y	1.00
LEDGE	FTL	BET	KJ WC	48.00 / 56.00	49.37 / 55.00	1.37 / -6.00	2.85 / -1.78	75	.65 / .73		
	MYK	CDV	Non in OAG					-	-		
	MXV	CDV	Non in OAG					-	-		
	MCG	ANC	WC	79.00	73.00 ⁺	-6.00	-7.59	221	.33	84 ⁰⁰ AS	
	MDR	MCG	Non in OAG					-	-		
	MYA	BET	KJ WC	52.00 / 60.00	53.41 / 59.00	1.41 / -1.00	2.84 / -1.66	154	.34 / .38	59 ⁰⁰ AS	.38

* 84⁰⁰ AS planned to 115⁰⁰ ...
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	HUB	CARRIERS	82 FARE	83 FARE	INCREASE	% INCREASE	great circle miles	¢ per mile	May 1985	1985 ¢ Per Mile
MNT	FAT	XG WC	- / 27.00	33.90 / 30.00	- / 3.00	- / 11.11	39	.86 / .76		
KMY	ADQ	KO	53.48	55.00	1.52	2.84	64	.85	167 ⁰⁰ KJ	1.05
MOU	KSM	WC	24.00	28.00	4.00	16.66	14	2.00		
	NO SERVICE	REQUIRED UNDER EAS					-	-		
NKK	AKN	Not in OAG					-	-		
WJIA	BET	KJ WC	19.00 / 21.00	19.55 / 21.00	.55 / 2.89	2.89	11	1.77 / 1.90		
PKA	BET	KJ WC	17.00 / 21.00	19.55 / 21.00	.55 / 2.89	2.89	6	3.25 / 3.50		
	NO SERVICE	REQUIRED UNDER EAS					-	-		
KNW	DLG	XY KO	20.00 / 25.27	20.57 / 26.00	.57 / .63	2.85 / 2.49	50	.41 / .52		
WWT	BET	KJ WC	42.00 / 48.00	43.20 / 44.00	1.20 / 2.85	2.85	96	.45 / .50	48 ⁰⁰ AS	.50
WTK	OTZ	XY WC	40.00 / 45.00	41.15 / 47.00	1.15 / 4.00	2.87 / 2.88	48	.85 / 1.02	40 ⁰⁰ AS	.83
ORV	OTZ	XY WC	35.00 / 40.00	36.00 / 42.00	1.00 / 3.00	2.85 / 7.5	43	.83 / 1.00	35 ⁰⁰ AS	.81
JND	NO SERVICE	REQUIRED UNDER EAS					-	-		
	NO SERVICE	REQUIRED UNDER EAS					-	-		
NUL	GAL	XG WC	- / 24.00	27.00 / 28.00	- / 4.00	- / 16.66	34	.79 / .82	32 ⁰⁰ 4H	.94
NUP	BET	KJ WC	19.00 / 21.00	19.55 / 21.00	.55 / 2.89	2.89	23	.85 / .91		
ZNC	ANI	Not in OAG					-	-		
OLH	ADQ	KO	36.85	38.00	1.05	2.84	49	.77	30 ⁰⁰ KJ	.61
KOY	ADQ	KO	53.48	55.00	1.52	2.84	77	.71	66 ⁰⁰ KJ	.86
KOZ	ADQ	KO	14.58	15.00	.42	2.88	11	1.36	20 ⁰⁰ KJ	1.81
KPK	ADQ	KO	44.72	Not in OAG			57		60 ⁰⁰ KJ	1.05
	NO SERVICE	REQUIRED UNDER EAS					-	-		
PEC	JNU	IH AS	AS 63.00	14 68.00	5.00	7.93	67	1.01	72 ⁰⁰ IH	1.07
KPV	PTH	Not in OAG					-	-		
PSG	JNU	AS	62.00	67.00	5.00	8.06	123	.54		
PIK	AKN	KJ KO	20.00 / 45.00	22.30 / 47.00	2.30 / 1.30	2.87 / 2.84	84	.97 / .55	80 ⁰⁰ KS	.95

11/11/85

	HUB	CARRIERS	82 FARE	83 FARE	± INCREASE	% INCREASE	great circle miles	1983 & Per mile	May 1985	1985 f Per Mile	
	POS	KSM	WIC	21.00	28.00	4.00	16.66	116	1.75	28 ⁰⁰ 2F	1.75
	PTU	BET	K3 WIC	48.00 56.00	49.37 55.00	1.37 -1.00	2.85 -1.78	123	.40 .44	55 ⁰⁰ AS	.45
	PHO	OTZ	XY WC	65.00 75.00	66.85 84.00	1.85 9.00	2.84 12	150	.44 .56	70 ⁰⁰ AS	.47
	PIZ	BRW	6C	Not listed in OAG	6C 114.48	-	-	180	.63	130 ⁰⁰ 6C	.72
	PCK	BTT	Not in OAG	OAG							
SONOKLE)	PCA	DLG	4Y KO	20.00 18.47	21.60 -	1.60 -	8 -	28	.77 -		
	KPY	ADD	KO	23.33	24.00	.67	2.87	24	1.00	29 ⁰⁰ KT	1.21
	PTH	ANC	RV	192.00	212.00	20.00	10.41	424	.50	212 ⁰⁰ RV	.50
	ORI	ADD	KO	20.40	21.00	.60	2.94	16	1.31	20 ⁰⁰ KJ	1.25
		NO SERVICE REQUIRED UNDER EAS									
	KPR	ADD	KO	37.92	39.00	1.08	2.84	47	.82	51 ⁰⁰ KJ	1.09
HORSE)	^{see} PUO	ANC	WC/AS	192.00	211.00	19.00	9.89	631	.33	257 ⁰⁰ AS 284 ⁰⁰ BF	.41 .45
	UQF	DIG	K5/4Y	K5 21.00 21.60	4Y 21.60 -	.60 -	2.85 -	12	1.80		
	RMP	FAI	XG WC	44.00 50.00	54.00 54.00	10.00 4.00	22.72 8	82	.65 .65		
	RDV	ANT	WIC	37.00	41.00	4.00	10.81	73	.56		
	RBY	GAL	XG WC	- 24.00	31.00 31.00	- 7.00	- 7.00	44	.70 .70	35 ⁰⁰ 4H	.80
	RSH	BET	K3 WC	48.00 56.00	49.37 55.00	1.37 -1.00	2.85 -1.78	71	.69 .77	55 ⁰⁰ AS	.77
	SGW	PSG	No service required								
	SNG	AKN	Not in OAG								
	KSM	ANC	WIC	147.00	159.00	12.00	8.16	442	.35	192 ⁰⁰ AS	.43
	SMK	UNK	WC	35.00	38.00	3.00	8.57	47	.80		
	SNP	ANC	RV	354.00	392.00	38.00	10.73	767	.51	392 ⁰⁰ RV	.51
	SDP	ANC	RV	245.50	272.00	26.50	10.79	557	.48	270 ⁰⁰ RV	.48
	UGI	ADD	KO	21.40	31.00	9.60	44.85	31	1.00	40 ⁰⁰ KJ	1.29
CAP	CSH	CDB	Not in OAG								
	SVA	OME	XY WC	68.00 76.00	69.94 102.00	1.94 26.10	2.85 34.2	1102	.43 .62	70 ⁰⁰ AS	.43

the Survey

	HUB	CARRIERS	82 FARE	83 FARE	\$ INCREASE	% INCREASE	great Circle miles	1983 \$ Per mile	May 1985	1985 \$ Per Mile
SCM	BET	K3 WC	52.00	53.48	1.48	2.84	145	.36		
			60.00	57.00	-1.00	-1.66		.40		
WLK	OTZ	XY WC	40.00	41.15	1.15	2.87	74	.55	40 ⁰⁰ AS	.54
			47.00	52.00	5.00	10.63		.70		
SHX	ANT	WIC	56.00	61.00	5.00	8.92	77	.79		
SKK	OME	XY WC	75.00 UNK	77.14 UNK	2.14 UNK	2.85 UNK	130	.59	60 ⁰⁰ AS	.46
			35.00	39.00	4.00	11.43		UNK		
SXP	KSM	WC	45.00	49.00	4.00	8.88	59	.83	49 ⁰⁰ 2E	.83
SYA	ANC	RV	510.50	565.00	54.50	10.67	1456	.38	515 ⁰⁰ RV	.39
SHH	OME	XY WC	58.00	59.60	1.66	2.86	122	.48	60 ⁰⁰ AS	.49
			64.00	99.00	35.00	54.68		.81		
SHG	OTZ	XY WC	60.00	61.70	1.70	2.83	148	.41		
			68.00	75.00	7.00	10.29		.50		
SIT	JNU	AS	50.00	54.00	4.00	8	95	.56	65 ⁰⁰ AS	.68
	NO SERVICE	REQUIRED UNDER EAS								
SGY	JNU	SE 3E	48.00	65.00	17.00	35.41	81	.80		
			55.00	70.00	15.00	27.27		.86		
SKW	ANC	Radw	OAG -	skipped by Alaska Air Service					USPS Contract	
SLQ	ANT	WC	37.00	41.00	4.00	10.81	78	.52		
SOL	OME	Radw	OAG							
USN	AKN	K3 1K0	30.00	30.86	.86	2.86	13	2.37		
WBB	UNK	WC	35.00	39.00	4.00	11.42	52	.75		
SVS	FAT	XG WC	44.00	54.00	10.00	22.72	90	.60		
			50.00	54.00	4.00	8		.60		
JRV	ANT	WC	41.00	45.00	4.00	9.75	98	.45		
TCT	MCG	WC	24.00	28.00	4.00	16.66	15	1.86		
TAL	FAT	XG WC	37.00	35.00	3.00	7.37	127	.27	48 ⁰⁰ 44	.38
			41.00	35.00	-6.00	-14.63		.27		
TLT	MCG	WC	24.00	28.00	4.00	16.66	13	2.15		
TEK	CDV	Radw	OAG	skipped by Chrono Flying Service					USPS Contract	
	NO SERVICE	REQUIRED UNDER EAS								
TLA	OME	XY WC	45.00	46.30	1.30	2.88	59	.78	40 ⁰⁰ AS	.68
			56.00	60.00	4.00	7.14		1.01		
SPRINGS)THE	JNU	AS/1H	42.00	45.00	3.00	7.14	50	.90	47 ⁰⁰ 1H	.94
KTI	ADQ	0	27.23	28.00	.67	2.46	26	1.07	34 ⁰⁰ KT	1.31

	HUB	CARRIER	82 FARE	83 FARE	INCREASE	% INCREASE	great circle miles	1983 Per Mile	May 1985	1985 \$ Per Mile
1	ON DEMAND						-			
TNC	OME	XY WC	60.00 / 68.00	61.70 / 75.00	1.70 / 7.00	2.83 / 10.29	103	.59 / .72		
TOG	DLG	4Y KO	35.00 / 33.05	36.00 / 34.00	1.00 / .95	2.85 / 2.87	67	.53 / .50	20 ⁰⁰ 4Y	.30
OOK	BET	KJ WC	42.00 / 48.00	43.20 / 48.00	1.20 / 0	2.85 / 0	113	.38 / .42		
TLT	BET	KJ WC	24.00 / 28.00	24.70 / 29.00	.70 / 1.00	2.91 / 3.57	36	.68 / .80		
WTL	BET	KJ WC	22.00 / 25.00	22.63 / 25.00	.63 / 0	2.86 / 0	41	.55 / .60		
TNK	BET	KJ WC	42.00 / 48.00	43.20 / 48.00	1.20 / 0	2.85 / 0	118	.36 / .40		
TWA	DLG	KJ	35.00	36.00	1.00	2.85	63	.57		
	SEE SAN JUAN						-	-		
UGA	AKN	KS	80.00	82.30	2.30	2.87	86	.95	80 ⁰⁰ KS	.93
UMT	FAT	Not in OAG					-	-		
LSKI) TKO	CDB	RV	140.00	155.00	15.00	10.71	294	.52		
UNK	ANC	WC	140.00	152.00	12.00	8.57	-	.38		
UTO	GAL	XG WC	- / 69.00	78.00 / 75.00	- / 6.00	- / 8.69	128	.60 / .58	36 ⁰⁰ 4H	.67
VDZ	ANC	XX VC	68.00 / 57.70	70.00 / 59.35	2.00 / 1.65	2.94 / 2.85	125	.56 / .47	75 ⁰⁰ AS	.60
VEE	FYU	XG WC	26.25 / 30.00	34.00 / 34.00	7.75 / 4.00	29.52 / 13.33	45	.75 / .75		
AIN	BRW	WC	45.00	69.00	24.00	53.33	87	.79	69 ⁰⁰ 6C	.79
WAA	OME	XY WC	60.00 / 68.00	61.70 / 74.00	1.70 / 6.00	2.83 / 8.82	109	.56 / .67		
KWP	ADQ	KO	30.14	31.00	.86	2.85	39	.79	42 ⁰⁰ KJ	1.08
WMO	OME	XY WC	45.00 / 56.00	46.30 / 60.00	1.30 / 4.00	2.88 / 7.14	62	.74 / .96		
WSM	FAT	XG	NOT IN OAG	126.00	-	-	190	.66		
	ON DEMAND						-	-		
WRG	JNU	AS	69.00	75.00	6.00	8.69	154	.48		
VAK	ANC	AS	99.00	107.00	8.00	8.08	372	.28	118 ⁰⁰ AS	.32
KZB	ADQ	KO	40.83	42.00	1.17	2.86	47	.85	55 ⁰⁰ KJ	1.12

Offered: 2/14/86
Referred: Finance

Original sponsors: Herrmann, Wallis
and Thompson

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE
2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 36 (Transportation)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 Relating to intrastate airline travel.

6 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

7 WHEREAS intrastate air travel is an essential and often the only
8 effective means of transportation to and from rural areas of the state; and

9 WHEREAS competitive market forces in many other states have caused a
10 decline in commercial air fares; and

11 WHEREAS these same competitive forces have not caused a significant
12 decline in air fares offered by the major carriers for travel to and from
13 rural areas of the state; and

14 WHEREAS the cost of air travel to and from rural areas of the state
15 has become prohibitively expensive; and

16 WHEREAS the high cost of air travel to and from rural Alaska has the
17 appearance of profiteering and may constitute a violation of state or
18 federal law;

19 BE IT RESOLVED by the Alaska State Legislature that the Governor is
20 respectfully requested to direct the Department of Transportation and
21 Public Facilities, and the Department of Commerce and Economic Development
22 to jointly investigate the tariffs charged by major air carriers servicing
23 rural areas of the state; and be it

24 FURTHER RESOLVED that the results of the investigation and in parti-
25 cular recommendations for action by the legislature be reported to the
26 First Session of the Fifteenth Legislature by January 31, 1987.

C O R R E C T I O N

Discard CSHCR #36 (TRSP
and retain this corrected version.

Offered: 2/14/86
Referred: Finance

Original sponsors: Herrmann, Wallis
and Thompson

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE
2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 36 (Transportation)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
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C O R R E C T I O N

Discard CSHCR #36 (TRSP
and retain this corrected version.

Offered: 2/14/86
Referred: Finance

Original sponsors: Herrmann, Wallis
and Thompson

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE
2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 36 (Transportation)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
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15 has become prohibitively expensive; and
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17 appearance of profiteering and may constitute a violation of state or
18 federal law;
19 BE IT RESOLVED by the Alaska State Legislature that the Governor is
20 respectfully requested to direct the Department of Transportation and
21 Public Facilities, and the Department of Commerce and Economic Development
22 to jointly investigate the tariffs charged by major air carriers servicing
23 rural areas of the state; and be it
24 FURTHER RESOLVED that the results of the investigation and in parti-
25 cular recommendations for action by the legislature be reported to the
26 First Session of the Fifteenth Legislature by January 31, 1987.

Introduced: 5/9/85
Referred: Transportation
and Finance

BY HERRMANN, WALLIS AND
THOMPSON

1 IN THE HOUSE

2

HOUSE CONCURRENT RESOLUTION NO. 36

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

Relating to intrastate airline travel.

6 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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effective means of transportation in rural areas of the state; and

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prohibitively expensive; and

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profiteering and may constitute a violation of state or federal law;

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18

respectively requested to direct the Department of Transportation and

19

Public Facilities, and the Department of Commerce and Economic Development

20

to jointly investigate the tariffs charged by rural air carriers in the

21

state; and be it

22

FURTHER RESOLVED that the results of the investigation and in parti-

23

cular recommendations for action by the legislature be reported to the

24

Second Session of the Fourteenth Legislature by January 31, 1986.

HOUSE

COMMITTEE REPORT

(11)

Date referred: 4/4/86

FURTHER REFERRALS:

DATE: 4-28-86

The FINANCE Committee has considered HCR 43

Relating to the University of Alaska School of Mineral Industry, Mineral Industry Research Laboratory and Mining Extension Program.

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with _____ same title
- replace with _____ new title

and recommends _____

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note

SIGNING DO PASS:

John P. ...

Deirdre ...

Ronald ...

Pat ...

Steve ...

Mark ...

SIGNING OTHER RECOMMENDATIONS:

Albert ... - No Rec

Mike ... - No Rec.

John ... (ON REC)

John ... No Rec.

Albert P. Adams
 Chairman

Introduced: 2/5/86
Referred: Health, Education &
Social Services and Resources

BY DAVIS, KOPONEN, FRANK
AND SHULTZ

1 IN THE HOUSE

2 HOUSE CONCURRENT RESOLUTION NO. 43

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 Relating to the University of Alaska
6 School of Mineral Industry, Mineral
7 Industry Research Laboratory and Mining
8 Extension Program.

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

10 WHEREAS the University of Alaska School of Mineral Industry, Mineral
11 Industry Research Laboratory and Mining Extension Program has a history of
12 distinguished service as a leader in scientific and technical research and
13 education related to the mining industry; and

14 WHEREAS the placer mining industry is currently faced with a strenuous
15 challenge to develop economically feasible methods of gold recovery and
16 wastewater management to comply with the stringent standards of water
17 quality, including the turbidity standard, demanded by current state and
18 federal regulations; and

19 WHEREAS the placer mining industry contributes as much as
20 \$127,000,000, including economic multipliers into the Alaskan economy; and

21 WHEREAS the Alaska legislature has appropriated funds for the purposes
22 of furthering innovative research into wastewater management techniques
23 that will help the industry meet the water quality standards that have been
24 adopted; and

25 WHEREAS the economic and environmental well being of the state would
26 be enhanced should these research efforts succeed;

27 BE IT RESOLVED by the Alaska State Legislature that the University of
28 Alaska School of Mineral Industry, Mineral Industry Research Laboratory and
29 Mining Extension Program endeavor to conduct innovative research with the

1 goal in mind of achieving significant advances in mineral industry waste-
2 water management and other techniques that will enable the placer gold
3 mining industry to economically comply with the stringent federal and state
4 water quality regulations, including that of turbidity; and be it

5 FURTHER RESOLVED that as new techniques are developed, the University
6 of Alaska School of Mineral Industry, Mineral Industry Research Laboratory
7 and Mining Extension Program work to bring advances in wastewater manage-
8 ment and other techniques, from whatever sources, to the miner in the
9 field.

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : House Resolution 43
 Title : Relating to UA School of Mineral Industry, Mineral Ind. Res. Lab and Mining Extension Program
 Sponsor : Davis, Koponen, Frank, Shultz
 Requestor : _____
 Date of Request : March 7, 1986

FISCAL DETAIL

Agency Affected : University of Alaska
 BRU : University of Alaska - Fairbanks, Organized Research
 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-				

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

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

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-				

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

See attached page.

Prepared by : Brian Rogers, Budget Director Phone : 474-7593
 Division : University of Alaska Date : March 10, 1986

Approved by Commissioner : *William Carter* Date : March 10, 1986
 Agency : University of Alaska

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 43

Assumptions

1. Mining operations will continue to have difficulty in complying with water quality regulations and standards for discharges from mining operations into receiving streams. Solutions utilizing new technology are needed for these problems before serious disruption occurs to the mining industry. This fiscal note does not attempt to calculate the impact to the state if miners are forced to curtail operations due to water quality regulations.
2. A comprehensive study on mining water quality control is needed on the soils contributing to and the causing of turbidity including those of organic muck, clay, decomposed bedrock and combinations of thereof. Emphasis should be placed on the application of available treatment technology as well as the evaluation of new and innovative treatment strategies.
3. Any studies or publications required will be funded by outside research grants and contracts.

Program Summary:

1. Positions. No new permanent positions will be created as a result of House Resolution 43.
2. Other expenditures needed to complete the water quality control analyses will also be absorbed with existing budgets.
3. No additional funding will be required by the University as the study would be a regular research grant covered within the existing budget authority levels.



Sherman Carter
Executive Vice President
474-7448

University of Alaska
Fairbanks, Alaska 99701

March 12, 1986

The Honorable
Representative Mike Davis
Pouch V
Juneau, AK 99811

SUBJECT: Fiscal Note, House Resolution 43

Dear Representative Davis:

Attached are two fiscal notes for House Resolution 43 detailing the projected cost to the University of Alaska.

If House Resolution 43 is passed the university anticipates that the first phase of the Alaska Placer Mining Water Quality Control study will cost \$281,872. The publication of brochures, newsletters and bulletins for distribution to the mining community will add an additional \$76,000. No analysis has been completed as to the economic impact should placer miners be forced to cease operations due failure to meet water quality regulations in this fiscal note.

A second or corollary fiscal note for House Resolution 43 is also attached. The second fiscal note assumes that the resolution's intent is that the Department of Environmental Conservation or other outside entities will fund the research and extension activities. Considering declining state revenues and the federal Gramm-Rudman deficit reduction act, the chances of this becoming a reality are very slim.

The appropriate fiscal note forms and backup are attached. If you need any further information, please do not hesitate to call me or Brian Rogers at 474-7593.

Sincerely,

Sherman Carter

Enclosures:

cc: The Honorable Niilo Koponen
The Honorable Steve Frank
The Honorable Richard Shultz
Jay Hogan, Office of Management and Budget
✓ Liz Blecker, Legislative Finance



Alaska State Legislature

Representative Mike Davis

Pouch V
Juneau, Alaska 99811
(907) 465-4930/4941

Interim Office:
P.O. Box 81435
Fairbanks, Alaska 99708

TO: House Finance Committee

FROM: Rep. Mike Davis *Mike*

DATE: April 25, 1986

RE: HCR 43 Relating to the University of Alaska School of Mineral Industry, the Mineral Industry Research Laboratory and Mining Extension Program

The placer gold mining industry is a significant contributor to our state's economy. The accompanying charts indicate just how important this role is. The source of this data is the Department of Commerce and Economic Development's Office of Mineral Development.

While the industry in Alaska has existed for nearly one hundred years, it is uncertain if it will be able to continue making this contribution. Currently, almost all placer mining operations are not meeting stringent State and Federal regulations regarding water quality. There is increasing political and legal pressure being brought to bear on the industry to comply with these regulations.

With the exception of research in mining discharge water quality being done by selected miners in an innovative demonstration grant program administered by the DNR and DEC, miners have been left largely to their own devices to find their own solutions.

To date the University of Alaska School of Mineral Industry (SMI) and its research arm, the Mineral Industry Research Laboratory (MIRL) have not played a prominent role in efforts to find a practical solution to this dilemma. This is in no way meant as a criticism. Rather, it is the intention of this resolution to recognize the scientific and engineering contributions the University can make towards a solution. The SMI, MIRL and the Mining Extension program have an eminent faculty which represents a heretofore underutilized resource

which may significantly aid in resolving this difficult technical problem.

We ask that the MIREL make water quality research a top priority by initiating a research involvement in the field aimed at achieving technical advances in placer mining wastewater management. The resolution further asks that the Mining Extension Program bring forth new information to the miner in the field.

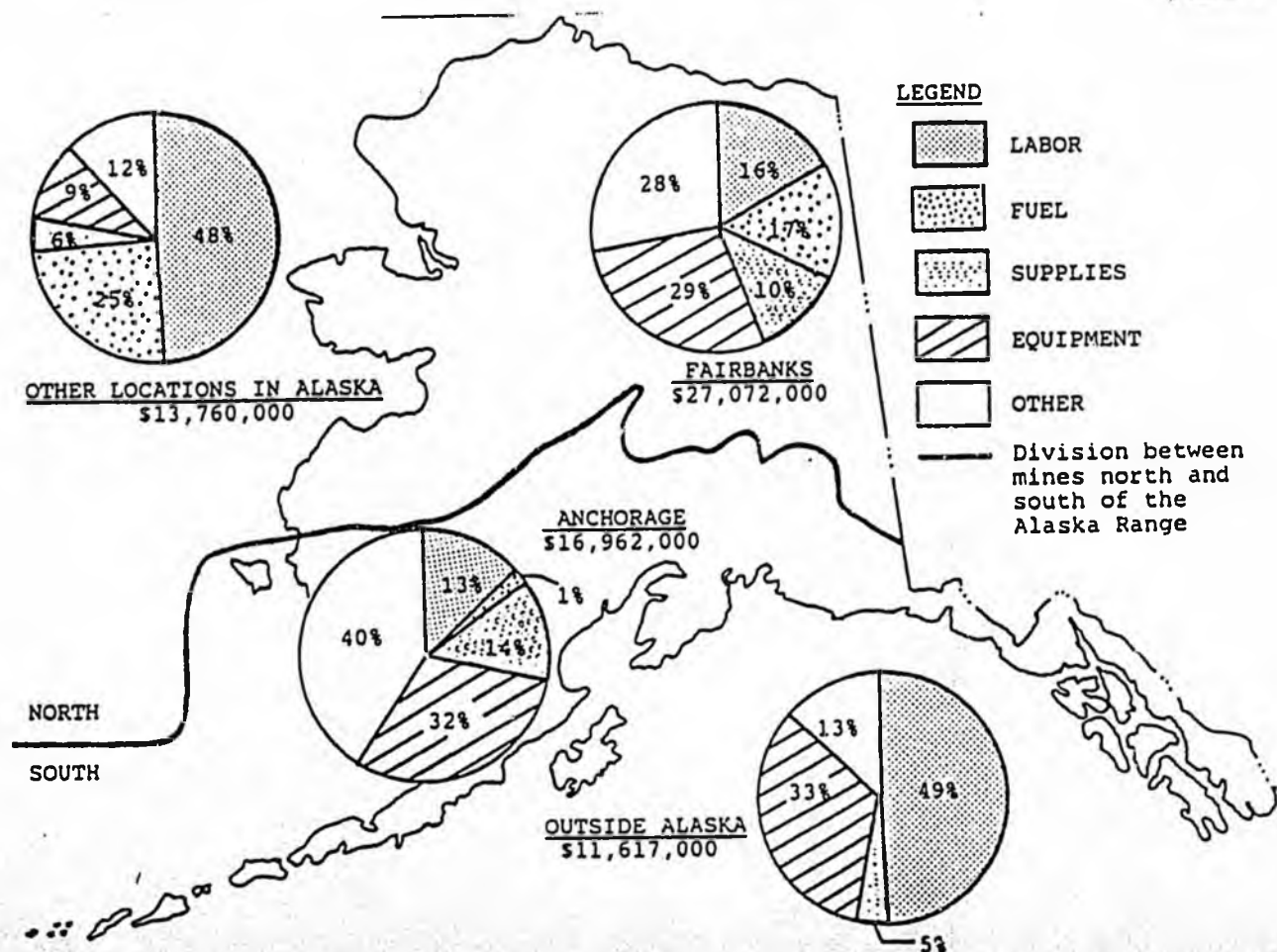
It is intended that the "Zero" fiscal note apply to this legislation.

**GROSS SALES AND FULL-TIME EMPLOYMENT
RESULTING FROM PLACER MINING**

Support Industry	Sales (x million)			Employment		
	State	FBKS	ANCH	State	FBKS	ANCH
Fuel	\$ 7.0	\$ 2.7	\$ 0.8	8	3	1
Equipment	6.4	0.7	1.7	55	6	15
Maintenance	2.7	1.3	0.8	26	12	8
Other Expenses	9.8	3.2	2.2	95	31	21
Communications	1.2	0.4	0.3	23	7	6
Utilities	0.6	0.1	0.2	3	0	1
Trade	12.8	4.8	3.5	448	169	123
Banking	0.9	0.2	0.2	25	7	7
Services	5.2	1.3	0.9	106	27	18
Restaurants & Bars	2.4	0.8	0.6	110	37	29
Health Services	0.7	0.3	0.3	26	10	9
All Other	77.6	30.6	20.3	753	316	201
Total	\$ 127.3	\$ 46.4	\$ 31.8	1,678	625	438

EMPLOYMENT BY PLACE OF RESIDENCE IN 1985
(in person-months and by percentage)

Location	North	South	Total
Fairbanks	2,890	218	3,108
Anchorage	620	1,008	1,628
Rural Alaska	2,276	1,159	3,435
Outside Alaska	1,517	351	1,868
Total	7,303	2,737	10,040
	72.8%	27.2%	100.0%



Introduced: 2/5/86
Referred: Health, Education &
Social Services and Resources

BY DAVIS, KOPONEN, FRANK
AND SHULTZ

1 IN THE HOUSE

2

HOUSE CONCURRENT RESOLUTION NO. 43

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

Relating to the University of Alaska

6

School of Mineral Industry, Mineral

7

Industry Research Laboratory and Mining

8

Extension Program.

9

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

10

WHEREAS the University of Alaska School of Mineral Industry, Mineral

11

Industry Research Laboratory and Mining Extension Program has a history of

12

distinguished service as a leader in scientific and technical research and

13

education related to the mining industry; and

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WHEREAS the placer mining industry is currently faced with a strenuous

15

challenge to develop economically feasible methods of gold recovery and

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wastewater management to comply with the stringent standards of water

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quality, including the turbidity standard, demanded by current state and

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that will help the industry meet the water quality standards that have been

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adopted; and

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Mining Extension Program endeavor to conduct innovative research with the

1 goal in mind of achieving significant advances in mineral industry waste-
2 water management and other techniques that will enable the placer gold
3 mining industry to economically comply with the stringent federal and state
4 water quality regulations, including that of turbidity; and be it

5 FURTHER RESOLVED that as new techniques are developed, the University
6 of Alaska School of Mineral Industry, Mineral Industry Research Laboratory
7 and Mining Extension Program work to bring advances in wastewater manage-
8 ment and other techniques, from whatever sources, to the miner in the
9 field.

COMMITTEE REPORT
SENATE

FURTHER:

4/23/86

Date 5/11/86

Mr. President

The Committee on FINANCE considered HCR 47

Relating to establishing a Joint Special Committee on state employee compensation.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
@ HFC - Legis.
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS

[Signature] *W/D Pass*
[Signature] *N/R*
[Signature] *N/R*

[Signature]
Chairman
[Signature]
Chairman recommendation

Introduced: 2/14/86
Referred: State Affairs
and Finance

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 HOUSE CONCURRENT RESOLUTION NO. 47
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 Relating to establishing a Joint Special
6 Committee on state employee compensa-
7 tion.

8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 WHEREAS there exists considerable legislative and public concern over
10 the issue of state employees' salaries, allowances, and other benefits; and

11 WHEREAS the continued decline of state revenue due to the decline of
12 world oil prices will likely force a reduction in state operating expendi-
13 tures over time; and

14 WHEREAS the current year's state operating budget includes personal
15 services costs in excess of \$900,000,000; and

16 WHEREAS the various components of the state's current compensation
17 plan are not sufficiently integrated or described to provide policy makers
18 with adequate information to evaluate the overall compensation package;

19 BE IT RESOLVED by the Alaska State Legislature that under Uniform Rule
20 21 a Joint Special Committee on State Employees' Salaries and Benefits is
21 established consisting of three members of the senate appointed by the
22 president of the senate and three members of the house of representatives
23 appointed by the speaker of the house to undertake a comprehensive review
24 of the state's employee compensation package; and be it

25 FURTHER RESOLVED that the committee work on this project in conjunc-
26 tion with representatives from the executive branch of state government;
27 and be it

28 FURTHER RESOLVED that the committee is authorized to meet during and
29 between sessions of the legislature and is to report its recommendations

1 and finding on the first day of the First Session of the Fifteenth Legisla-
2 ture and is terminated on the first day of the First Session of the Fif-
3 teenth Legislature.

02/17

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No. : HCR 47
Title : RELATING TO ESTABLISHING A JOINT
COMMITTEE ON STATE EMPLOYEE COMP.
Sponsor : HOUSE FINANCE COMMITTEE
Requestor : _____
Date of Request : _____

FISCAL DETAIL

Agency Affected : LEGISLATURE: ADMIN:GOVERNOR
BRU : _____
Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-				
CAPITAL		-0-				
REVENUE		-0-				

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-				

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

IT IS ANTICIPATED THAT STAFF WORK WILL BE DONE BY EXISTING LEGISLATIVE AND EXECUTIVE BRANCH EMPLOYEES. OTHER RELATED COSTS WILL BE TAKEN CARE OF USING EXISTING FUNDS.

Prepared by : HOUSE FINANCE COMMITTEE Phone : 465-3706
Division : HOUSE FINANCE COMMITTEE Date : _____

Approved by ~~Commissioner~~  Date : _____
Agency : _____

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

COMMITTEE REPORT

SENATE

FINANCE

FURTHER:

4/9/86

Date 4/23/86

Mr. President

The Committee on STATE AFFAIRS considered HCR 47

~~Relating to~~ establishing a Joint Special Committee on state employee compensation.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS

1 *Edm de Vries A.R.*
[Signature] NTR
2 *Bill Ray Do NOT PASS*
AS WRITTEN
1 *T. Kelly - No Rec*
[Signature]
Chairman
1 *[Signature]*
Chairman recommendation

**HOUSE
COMMITTEE REPORT**

(11)

Date referred: 3/7/86

FURTHER REFERRALS:

DATE: 3/27/86

The FINANCE Committee has considered HCR 47

Relating to establishing a Joint Special Committee on state employee compensation.

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with _____ same title
- _____ new title

and recommends _____

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note

SIGNING DO PASS:

Albert P. Adams
Mike Symanski
John ...
Pat ...
Kirk ...
Steve ...
...
...
...
...
...
...

SIGNING OTHER RECOMMENDATIONS:

Albert P. Adams
Chairman

01/1

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : HCR 47
 Title : RELATING TO ESTABLISHING A JOINT
 COMMITTEE ON STATE EMPLOYEE COMP.
 Sponsor : HOUSE FINANCE COMMITTEE
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL

Agency Affected : LEGISLATURE: ADMIN:GOVERNOR
 BRU : _____

 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-				
CAPITAL		-0-				
REVENUE		-0-				

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-				

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

IT IS ANTICIPATED THAT STAFF WORK WILL BE DONE BY EXISTING LEGISLATIVE AND EXECUTIVE BRANCH EMPLOYEES. OTHER RELATED COSTS WILL BE TAKEN CARE OF USING EXISTING FUNDS.

Prepared by : HOUSE FINANCE COMMITTEE Phone : 465-3706
 Division : HOUSE FINANCE COMMITTEE Date : _____

Approved by ~~Commissioner~~ *[Signature]* Date : _____
 Agency : _____

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Introduced: 2/14/86
Referred: State Affairs
and Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

HOUSE CONCURRENT RESOLUTION NO. 47

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

Relating to establishing a Joint Special

6

Committee on state employee compensa-

7

tion.

8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9

WHEREAS there exists considerable legislative and public concern over
10 the issue of state employees' salaries, allowances, and other benefits; and

11 WHEREAS the continued decline of state revenue due to the decline of
12 world oil prices will likely force a reduction in state operating expendi-
13 tures over time; and

14 WHEREAS the current year's state operating budget includes personal
15 services costs in excess of \$900,000,000; and

16 WHEREAS the various components of the state's current compensation
17 plan are not sufficiently integrated or described to provide policy makers
18 with adequate information to evaluate the overall compensation package;

19 BE IT RESOLVED by the Alaska State Legislature that under Uniform Rule
20 21 a Joint Special Committee on State Employees' Salaries and Benefits is
21 established consisting of three members of the senate appointed by the
22 president of the senate and three members of the house of representatives
23 appointed by the speaker of the house to undertake a comprehensive review
24 of the state's employee compensation package; and be it

25 FURTHER RESOLVED that the committee work on this project in conjunc-
26 tion with representatives from the executive branch of state government;
27 and be it

28 FURTHER RESOLVED that the committee is authorized to meet during and
29 between sessions of the legislature and is to report its recommendations

1 and finding on the first day of the First Session of the Fifteenth Legisla-
2 ture and is terminated on the first day of the First Session of the Fif-
3 teenth Legislature.

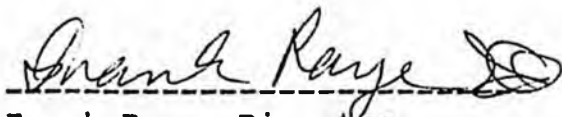
POSITION PAPER
HOUSE CONCURRENT RESOLUTION 47

This Resolution would establish a six member Joint Special Committee of the Legislature to undertake a comprehensive review of the state's employee compensation package. The committee is to work with representatives of the executive branch during and between legislative sessions and report its recommendations and findings on the first day of the First Session of the Fifteenth Legislature.

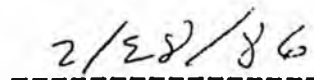
The Department of Administration is in full support of HCR 47. A comprehensive review of all facets of the compensation and benefit package that state employees receive is very appropriate and needed at this juncture. The recently completed Classification Study and Geographic Differential Study each dealt with a single and distinct portion of the total compensation package. The Classification Study examined the internal alignment of classifications and salary ranges. The Geographic Differential Study examined the appropriateness of the cost of living allowances being paid throughout the state.

This would be an ideal point in time to review and compare other aspects of the compensation and benefits provided state employee groups such as retirement, insurance, types of leave and so forth. Another aspect of the system of compensation that should be examined is the three "services" in the executive branch - exempt, partially exempt and classified. While the system of classification and pay for the partially exempt and classified service is statutorily controlled, the exempt service functions largely without rules on pay. Consequently, the proliferation of exempt boards and commissions over the past several years has resulted in an increased number of state employees with limited legislative salary oversight.

The Department of Administration looks forward to working with the Joint Special Committee in examining these issues.



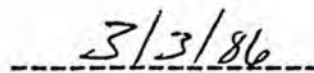
Frank Raye, Director
Division of Personnel



Date



Commissioner Eleanor Andrews
Department of Administration



Date

HCR 47



Official Business

Alaska State Legislature
House of Representatives

Al Adams
Chairman
Committee on Finance

WHILE IN SESSION
Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3706

OUT OF SESSION
P.O. Box 333
Kotzebue, Alaska 99752
(907) 442-3320

1024 W. 6th
Anchorage, Alaska 99501
(907) 274-0315

Testimony of Rep. Al Adams on

HCR 47

Before the House State Affairs Committee

March 5, 1986

House Concurrent Resolution 47 would establish a joint legislative committee on state employee compensation. The reason for my introduction of this resolution at this time stems from my continued frustration over the annual battle over negotiated salary increases. The time has come for the legislature to move beyond this one issue and to examine all aspects of the state's employee compensation package.

The duties of the proposed committee would be to examine the total state employee compensation package and to make recommendations to the next legislature on any changes the committee feels would best serve the State of Alaska in light of declining state financial resources. Areas to be evaluated would include the retirement system, the employee classification system, geographical pay differentials, merit/longevity pay increases and

others as determined by the committee. The findings and recommendations of the committee would provide information to the whole legislature that would allow the employee compensations package to be evaluated in its entirety rather than as a set of separate components as is now the case.

Some good work has recently been completed which will be available to the committee to draw on. The Legislative Budget & Audit Committee has recently released an audit of the TRS and PERS retirement systems which point out numerous changes which could be made to these programs to make them less expensive to the state while maintaining an excellent retirement program for state employees.

Also, in response to legislative intent, the Governor's Office of Management & Budget has recently completed a report on state salaries which I found to be quite useful.

In preparing their recommendations I would expect that the joint committee would pull together all the existing information on employee compensation as well as commission additional work as necessary. Resource agencies available for this effort would include Legislative Audit, Legislative Finance, OMB, the Division of Personnel, the Division of Retirement & Benefits and others.

Since I would expect staff work to be performed by existing legislative and executive branch employees, I have submitted a zero fiscal note to the committee for your consideration.

Your support for HCR 47 will be appreciated.