

ALASKA LEGISLATURE

2181

HOUSE and SENATE FINANCE COMMITTEE FILES,

2001 - 2002

Complete each portion of the table at the appropriate time. If needed for clarification or explanation, please provide brief comments in the spaces below.

Report Date	Total Budget (\$)	Total Expenditures in past two months (\$)	Total Expenditures to Date (\$)	Budget Remainder (\$)	Anticipated Expenditure Over Next Two Months (\$)
July-August, 2000	390,000.00	26,627.21	26,627.21	363,372.79	64,937.00
September-October, 2000	390,000.00	64,937.00	91,564.21	298,435.79	64,813.67
November-December, 2000	390,000.00	116,431.39	207,995.60	182,004.40	59,277.10
January-February, 2001					
March-April, 2001					
May-June, 2001					

July-August, 2000

<i>Contractual:</i> FILLMORE, LILLY/SPEAKER FEES	3,100.00
<i>Contractual:</i> SANDERS, JO/METHODS PLANNING	500.00
<i>Contractual:</i> HILL, MAXINE/METHODS PLANNING	100.00
<i>Travel:</i> JONES, KEN/RELOCATION	10,666.00
<i>Travel:</i> HOLDER, KC/RELOCATION	5,111.00
<i>Travel:</i> CLARK, KATHLEEN/RELOCATION	5,111.00
<i>Travel:</i> WRIGHT, THEODORE/RELOCATION	2,000.00
<i>Personnel:</i> Clark, Kathleen	3,131.47
<i>Personnel:</i> Holder, Kenneth	3,579.56
<i>Personnel:</i> Jones, Kenneth	12,647.24
<i>Personnel:</i> Wright, Ted	3,293.54

September-October, 2000

Expenditures during September-October, 2000 include salaries for 3 full-time regular faculty, 2 full-time term faculty, and 1 part-time School District liaison personnel.

Full-time regular faculty	
<i>Personnel:</i> Clark Kathleen	\$12,120.24
<i>Personnel:</i> Holder K.C.	\$12,058.90
<i>Personnel:</i> Jones Ken	\$12,647.24

Full-time term faculty	
<i>Personnel:</i> Wright, Ted	\$13,174.16
<i>Personnel:</i> Shirley Holloway	\$11,620.57

Contractual – Part-time School District Liaison	
<i>Personnel:</i> Seitz, James	\$2286

November-December, 2000

Expenditures during November-December, 2000 include salaries for 3 full-time regular faculty, 2 full-time term faculty, and 1 part-time PDS coordinator.

Full-time regular faculty	
<i>Personnel:</i> Clark Kathleen	9,090.18
<i>Personnel:</i> Holder K.C.	9,090.18
<i>Personnel:</i> Jones Ken	9,485.43

Full-time term faculty	
<i>Personnel:</i> Wright, Ted	\$9,880.62
<i>Personnel:</i> Shirley Holloway	\$8,793.95

Contractual – Part-time PDS Coordinator	
<i>Personnel:</i> Seitz, James	\$6250
<i>Personnel:</i> Anchorage School District Liaisons	\$27,285.72

January-February, 2001March-April, 2001

3. Hiring/Existing Employee Detail – Please list initiative positions to be hired or funded below.

Assign the PCN# and include position title and budgeted amount.

PCN#	Existing (E) or New Hire (N)	Position Title	Budgeted Amount (\$)	
301156	(E) Clark, Kathleen	TT Assistant Professor	\$59,086	
301308	(E) Holder, Kenneth	TT Assistant Professor	\$59,728	
301164	(E) Jones, Kenneth	TT Assistant Professor	\$71,140	
730862	(E) Wright, Ted	Term Assistant Professor	\$64,224	
NA	(N) Seitz, James	PDS Coordinator	\$27,285.72	Contractual

Fill in the information below at the appropriate time.

Report Date	Total Funded Positions for Initiative	# Filled Positions to Date	Listing of PCN#'s for filled positions	# Remaining Positions to fill	Listing of PCN#'s for positions yet to be filled	Anticipated # of Positions filled Over Next Two Months
July-August, 2000	4	4	301156, 301308, 301164, 730862	1 Faculty 6 P/T SD Liaisons	300975, 303227	1 Faculty 6 Liaisons
September-October, 2000	5	5	Same as above	1 Faculty 5 P/T SD Liaisons	Same as above	1 Faculty 5 Liaisons
November-December, 2000	5	5	Same as above	1 Faculty 6 P/T SD Liaisons	Same as above	1 Faculty 6 Liaisons
January-February, 2001						
March-April, 2001						
May-June, 2001						

If needed for clarification or explanation of the hiring detail above please provide brief comments below:

July-August, 2000

Currently working with School District to contract/hire six (6) part-time liaison positions with the professional development schools.

September-October, 2000

Currently working with School District to contract/hire five (5) additional part-time liaison positions with the professional development schools.

November-December, 2000

The Secondary Program Liaison, Jim Seitz, took the position as PDS Coordinator thus reopening the search for six (6) PDS liaisons.

Jannary-February, 2001

March-April, 2001

May-June, 2001

4. List courses offered and/or in development within the context of the academic initiative or core faculty request.

Include the term course is to be offered, subject, course # and course title. Please number the courses (1,2,3 etc...) for the purposes of tracking the course in the remainder of the report.

Course No.	Term	Course#-Section	Course Title
52437	Summer Semester 2000	ED A694H-301	Foundations of Modern Educational Practice
77984	Fall Semester 2000	ED A694J-601	Internship I
78008	Fall Semester 2000	ED A694K-601	Integrated Methods for Elementary Teaching I
78013	Fall Semester 2000	ED A694L-601	Middle School /Secondary English Language Arts Methods I (7-12)
78014	Fall Semester 2000	ED A694M-601	Middle School/Secondary History/Social Studies Methods I (7-12)
78015	Fall Semester 2000	ED A694N-601	Middle School/Secondary Science Methods I (7-12)
78016	Fall Semester 2000	ED A694Q-601	Middle School/Secondary Mathematics Methods I (7-12)
	Spring Semester 2001	ED A694R-001	Internship II
	Spring Semester 2001	ED A694S-001	Integrated methods for Elementary Teaching II
	Spring Semester 2001	ED A694U-001	Middle School/Secondary English Language Arts Methods II (7-12)
	Spring Semester 2001	ED A694W-001	Middle School/Secondary History/Social Studies Methods II (7-12)
	Spring Semester 2001	ED A694X-001	Middle School/Secondary Science Methods II (7-12)
	Spring Semester 2001	ED A594Y-001	Middle School/Secondary mathematics Methods II (7-12)

Course Number	Initial Enrollment	Final Enrollment
ED A694H-301	22	22
ED A694J-601	20	20
ED A694K-601	3	3
ED A694L-601	5	5
ED A694M-601	2	2
ED A694N-601	4	4
ED A694Q-601	2	2
ED A694R-001		
ED A694S-001		
ED A694U-001		
ED A694W-001		
ED A694X-001		
ED A694Y-001		

5. Outcomes & Measures. Please list below the measures by which the success of this initiative should be judged based on the initial request form and on any other measures developed since that time. New measures/Outcomes you would like considered may be added anytime. Please number them (1,2,3 etc.) for the purposes of tracking in this document only. In addition try to develop measures which are, when possible, can be related to legislative missions and measures: <http://www.alaska.edu/swbudget/02budgetreq/Measures.html>.

Table 1. Project Goals, Measures, and Benchmarks

Intermediate Goals	Measures	Benchmarks
<p>Goal 1: To draw on the knowledge and expertise of CAS faculty, K-12 teachers, and business partners, as well as teacher educators, in designing and delivering the teacher preparation program.</p>	<ul style="list-style-type: none"> • Courses/experience collaboratively developed by CAS faculty, K-12 teachers, business partners, and TE faculty. • Courses/experience collaboratively taught by CAS faculty, K-12 teachers, business partners, and TE faculty. 	<ul style="list-style-type: none"> • By the end of the first project year, the core courses for certification will be redesigned to include the ideas of all the partners. • Beginning in Year 2, all methods courses will be taught by a team of CAS faculty, TE faculty, and K-12 teachers.
<p>Goal 2: To create institutional structures and processes that insure the continuing collaboration of CAS and teacher education faculty,</p>	<ul style="list-style-type: none"> • CAS faculty with load assignment in TE—and/or TE faculty with load assignment in CAS. • CAS membership on the Teacher Education Council (TEC). 	<ul style="list-style-type: none"> • By beginning of second year, at least 2 CAS or 2 SOE faculty will have load assignments in the other college. • Beginning in Year 1, the CAS dean and 2 faculty members will be members of the TEC.
<p>Goal 3: To forge closer links among policy makers in state government, universities, and school districts to increase the alignment of teacher preparation and development policies.</p>	<ul style="list-style-type: none"> • Policies for teacher certification and professional development at the state and district levels and at the university. 	<ul style="list-style-type: none"> • By the end of Year 3, policies for teacher certification and professional development at the state and district levels and at the university will be consistent and complementary.
<p>Goal 4: To provide professional development and support to educators in the partnership districts to help them improve curriculum, instruction, and leadership.</p>	<ul style="list-style-type: none"> • Surveys and interviews with educators. • Observations of professional development opportunities. • Surveys and interviews with educators. • Observation of classroom and school practice. 	<ul style="list-style-type: none"> • By the end of Year 2, professional development opportunities that address teachers' needs and meet "best practice" standards. • By the end of Year 3, classroom practices that conform to state and "best practice" standards. • By the end of Year 3, a preponderance of "instructional leaders" among principals at the APTE schools.

Table 1. Project Goals, Measures, and Benchmarks (continued)

Intermediate Goals	Measures	Benchmarks
<p>Goal 5: To educate teachers who are prepared to help all students—especially those in high-needs schools—learn the subject-matter knowledge and skills required by new standards and assessments.</p>	<ul style="list-style-type: none"> • TE student performance on Praxis II exam. • TE student electronic portfolios. • TE student performance during internship. • Evaluation of graduates by supervisors and parents. 	<ul style="list-style-type: none"> • Entrants to TE program continue to score above the state-set threshold. • Curriculum units and videotapes of classroom practice that meet state-mandated standards. • Interns demonstrate substantial attainment of Alaska "Standards for Educators." • Supervisors and parents report that graduates, during early years of teaching, satisfactorily demonstrate skills and knowledge identified in the Alaska "Standards for Educators."
<p>Goal 6: To improve the academic performance of students in high-need schools.</p>	<ul style="list-style-type: none"> • Student scores on statewide assessments. • Evidence of student work; attendance records. • Parents' perceptions of student learning. 	<ul style="list-style-type: none"> • Student performance in partnership schools would improve by 10% of baseline over two years, after new assessments start in 2001. • Samples of students' written work demonstrate improved skills and deeper understanding. • Attendance rates in partnership schools will improve by 10% per year over the last 3 years of the project. • Parents will report that their students are learning critical literacy, numeracy, and other critical skills and knowledge.

Please include information relevant to the outcomes and measures listed above in the spaces below at the appropriate time. Please reference the numbers above.

July-August, 2000

The project is on schedule as required for the federal funding. Funding for year two has been approved, as has the plan of work.

September-October, 2000

The project is on schedule as required for the federal funding

November-December, 2000

The project is on schedule as required for the federal funding

January-February, 2001March-April, 2001May-June, 2001

the LEGISLATIVE BULLETIN

Where Alaska's Future Begins



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For more detailed information regarding legislative issues, please refer to: www.alaska.edu/swlegis

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A Note from University President Mark Hamilton

The year 2000 was, by any measure, a great year for the University of Alaska. Support for the University throughout the state has risen, the recent budget infusion has begun to move the University forward, and the prospects for 2001 are looking very bright indeed. This year, the University attracted new students, hired new faculty, is building new facilities, developing new programs and partnerships, and embarking on new research projects. Alaskans are being trained for important jobs, strategic planning is maturing, the initiative process is bringing campuses together in exciting and cooperative endeavors, federal receipts are up, private giving is up, new courses are being offered. In short, great progress is being made toward establishing the University as the place where Alaska's future begins.



Alaska faces the challenge of moving from a near-colonial state dependent upon resource extraction to a strong and vital community with its destiny in its own hands. For the state to meet this challenge, it

must have a well-educated workforce with creative ideas for the future. The next 5-7 years are pivotal for the State of Alaska. Development of sustainable industries must replace the boom/bust history of Alaska. The University of Alaska in its instructional, research and public service programs, will be a central player in this economic and social transition.

With the additional resources provided this year by our legislature, we will continue to take steps toward building a high quality postsecondary system that is unified across the state, that responds quickly to the needs of the people, that provides high quality academic programs, that is accessible to all Alaskans, and that is cost-effective, responsive, efficient, accessible and accountable.



The following pages are a snapshot view of the progress that the University has made over the last year to meet these challenges. Following this overview is a brief summary of the FY02 operating budget request. A more detailed view of the budget and university issues is readily available on-line at: www.alaska.edu/swlegis.

Thank you for
supporting
the University of Alaska

UNIVERSITY OPERATING BUDGET OVERVIEW

- Current Year (FY01) Budget Review -



The 9% increase in the University's operating budget this year includes the first new funding for program enhancements in nearly a decade. While the rest of the nation was making investments in higher education to build their economies – an average of 42% over the past decade — Alaska had the dubious distinction of providing less support for its colleges and universities than any state in the nation – only 2%.

With strong support from the Alaska public, the Governor and newly enlightened legislative leadership, the University and the State are entering an era of commitment and collaboration in the development of our state's economy. The legislature funded many new program initiatives this year, and while there has not been sufficient time to implement all of these initiatives, there has been significant progress. Highlights of the new program initiatives include:

MAINTAINING A SOLID FOUNDATION

- Funding for twenty-three faculty replacements in core program areas, including Co-operative Extension Agents in Fairbanks and Palmer
- Secured negotiated salary increase* for all faculty and staff collective bargaining units
- Restored funding for purchase of library materials and periodicals
- Serving as the entry point for Internet 2, which will eventually provide substantially faster and more reliable access to the worldwide web as the state's supporting telecommunication infrastructure is put into place

ATTRACTING AND RETAINING ALASKA'S STUDENTS

- Adding staff in admissions, advising, and financial aid to support student success
- Initiating bridge programs and summer enrichment opportunities for high school students to better prepare them for college
- Implementing programs focused on increasing student retention and graduation rates, including recruitment and orientation programs for students in the Alaska Scholars Program
- Initiating on-line capability for students to access their academic and financial aid records

MEETING ALASKA'S EMPLOYMENT NEEDS

•Teacher Education

- In response to AQSI initiatives, development of fifth year, discipline-based, teacher education programs at Anchorage, Fairbanks and Juneau
- Support for expanding the early childhood development program to train Headstart and childcare workers at multiple UA campuses
- Support for expanding the Professional Education Center at Juneau providing distance delivered staff development for school teachers and administrators throughout the state

UNIVERSITY OPERATING BUDGET OVERVIEW

- Current Year (FY01) Budget Review -

- Healthcare
 - Initiating new 2 year nursing programs in Fairbanks and Kodiak
 - Developing curriculum for masters degree in nursing, associate degree in human service technology and baccalaureate degree in social work to be delivered by distance to multiple Alaska communities
 - Expanding allied health care programs in occupational therapy assistance, massage therapy, radiography, medical assisting, phlebotomy, emergency medical technology and dental assistance in Anchorage
 - Initiating a college preparatory program in the Yukon-Kuskokwim area for adults interested in pursuing health careers
 - Developing curriculum for a certificate in practical nursing to be delivered in FY02 to multiple Alaska communities

- Information Technology
 - Initiating pilot certificate program in information technology at Juneau campus designed to standards established by Alaska Information Technology Consortium
 - Initiating Micro Computer Support Specialist program in Anchorage and Nome
 - Upgrading campus information technology, electronics, geomatics and CADD classrooms and equipment

- Career and Technical Education
 - In collaboration with Alaska Process Industry Consortium, designed and initiated a 2 year program designed to meet employment needs in oil, gas and telecommunication industries
 - Initiating UA Corporate Program to serve as contact with business and industry to facilitate the training and educational opportunities for incumbent workers, and provide industry training specialists at Anchorage, Fairbanks and Valdez
 - Initiating new programs in Applied Technology in Kodiak, Applied Business in Fairbanks, Marine Manufacturing in Ketchikan, Heavy Equipment & Power Generation in Anchorage

- Logistics/Transportation
 - In response to expanding logistics industry, initiating baccalaureate program in logistics and masters degree in Global Supply Chain Management at Anchorage campus
 - Upgraded aviation simulator at Anchorage campus and provided enhancements for the programs in aviation/weather forecasting
 - Developing programs in remote sensing and signal processing supporting an emerging industry in data retrieval
 - With \$1 million state investment, \$3 million in NSF EPSCoR funding was received to be used primarily for applied and basic research directed at areas of resource development that form the backbone of the state's economic development
 - Funding for staff at the Fisheries Industrial Technology Center in Kodiak for the development of fisheries products
 - Adding research faculty focused on marine biology and fisheries with emphasis on salmon, pollock and marine mammals

PREPARING FOR ALASKA'S
ECONOMIC SUCCESS

UNIVERSITY OF ALASKA

FY02 UNIVERSITY OPERATING BUDGET DETAILS

UA Request = Base budget of \$186 million plus an additional \$16.9 million (GF)

☐ Governor Knowles has endorsed the Board of Regents full operating budget request for FY 02

The University budget focuses on recruiting and retaining Alaska students, offering academic programs directed at training Alaskans to fill the jobs in highest demand, both now and in the future, and building the technological capacity of the state. The investment in the University benefits all of Alaska. By focusing on attracting and retaining Alaska's students in programs addressing state needs:

- industry benefits from a stable qualified workforce
- Alaska's citizens benefit by getting the "good" jobs
- the state benefits by reducing dependence on workers from outside

The state's FY00 and FY01 investments in the University have enabled the University to maintain a solid foundation of programs and services, to build programs responsive to Alaska's existing workforce needs, especially in the areas of nursing, teacher education, process technology, early childhood development, social work and industry workforce training. The state's investment also has enabled the University to expand existing programs and start new programs essential to future economic development.

As promised, the University is closely monitoring its programs, including faculty hires, staffing, course development and program enrollments to assure program outcomes are achieved. Many programs are two to four year programs yielding first program graduates in spring of 2002 and beyond. All of this information is readily available on the web (see: www.alaska.edu/wcir)

Budget Increment	Breakdown	<i>Excerpts from ADN editorial, 12/19/00</i>														
Maintaining a Solid Foundation	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Salary Maintenance to meet current contracts</td> <td style="text-align: right; padding-right: 20px;">\$5.0 million</td> </tr> <tr> <td style="padding-left: 20px;">Non-discretionary cost increases</td> <td style="text-align: right; padding-right: 20px;">\$1.4 million</td> </tr> <tr> <td style="padding-left: 20px;">Ensuring Academic quality</td> <td style="text-align: right; padding-right: 20px;">\$.78 million</td> </tr> <tr> <td style="padding-left: 20px;">Enhancing Technology</td> <td style="text-align: right; padding-right: 20px;">\$1.2 million</td> </tr> <tr> <td style="padding-left: 20px;">Enhancing Accountability Business efficiency</td> <td style="text-align: right; padding-right: 20px;">\$.82 million</td> </tr> <tr> <td style="padding-left: 20px;">Total (GF)</td> <td style="text-align: right; padding-right: 20px;">\$9.2 million</td> </tr> <tr> <td></td> <td style="text-align: right; padding-right: 20px;">plus \$15 million non-GF</td> </tr> </table>	Salary Maintenance to meet current contracts	\$5.0 million	Non-discretionary cost increases	\$1.4 million	Ensuring Academic quality	\$.78 million	Enhancing Technology	\$1.2 million	Enhancing Accountability Business efficiency	\$.82 million	Total (GF)	\$9.2 million		plus \$15 million non-GF	<p><i>"The solid foundation requires meeting obligations for salary increases for faculty, staff, repair and maintenance of buildings, purchase of library materials, and information technology to keep the university in line with rapid changes in the online world.</i></p> <p><i>For example, there's \$450,000 in this budget for what's called 'sustained technology replacement.' Rather than scramble when university technology falls behind the curve, the university would have money to upgrade its computer technology on a regular basis.</i></p>
Salary Maintenance to meet current contracts	\$5.0 million															
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Attracting and Retaining Alaska's Students	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Student Advising</td> <td style="text-align: right; padding-right: 20px;">\$.3 million</td> </tr> <tr> <td style="padding-left: 20px;">Critical Support for Students</td> <td style="text-align: right; padding-right: 20px;">\$.4 million</td> </tr> <tr> <td style="padding-left: 20px;">e-services for students</td> <td style="text-align: right; padding-right: 20px;">\$.3 million</td> </tr> <tr> <td style="padding-left: 20px;">Total (GF)</td> <td style="text-align: right; padding-right: 20px;">\$ 1 million</td> </tr> <tr> <td></td> <td style="text-align: right; padding-right: 20px;">plus \$2 million non-GF</td> </tr> </table>	Student Advising	\$.3 million	Critical Support for Students	\$.4 million	e-services for students	\$.3 million	Total (GF)	\$ 1 million		plus \$2 million non-GF	<p><i>One common student complaint is lack of time with advisers. The \$1 million for attracting and retaining students would include hiring five new student advisers and six other staffers to provide career counseling and other student services."</i></p>				
Student Advising	\$.3 million															
Critical Support for Students	\$.4 million															
e-services for students	\$.3 million															
Total (GF)	\$ 1 million															
	plus \$2 million non-GF															

UA FY02 Operating Budget Request

FY02 UNIVERSITY OPERATING BUDGET DETAILS

Budget Increment	Breakdown	"Here's where the university has listened to Alaska industries. What's needed now?"												
<p>Meeting Alaska's Employment Needs</p> <p>Industries often have ignored the university because in the past, its campuses simply haven't offered the technical and advanced training they require.</p> <p>The University of Alaska aims to change that. The recent increase in the University's operating budget has provided an investment to enable the University to maintain a solid foundation of programs and services, and build programs responsive to Alaska's highest workforce needs in the highest demand areas.</p>	<table border="0"> <tr> <td>Teacher Education</td> <td>\$ 1.0 million</td> </tr> <tr> <td>Healthcare</td> <td>\$ 1.6 million</td> </tr> <tr> <td>Information Technology and Knowledge Workers</td> <td>\$.9 million</td> </tr> <tr> <td>Career and Technical Education</td> <td>\$.6 million</td> </tr> <tr> <td>Total (GF)</td> <td>\$4.2 million</td> </tr> <tr> <td></td> <td>plus \$9.2 million non-GF</td> </tr> </table>	Teacher Education	\$ 1.0 million	Healthcare	\$ 1.6 million	Information Technology and Knowledge Workers	\$.9 million	Career and Technical Education	\$.6 million	Total (GF)	\$4.2 million		plus \$9.2 million non-GF	<p>"The budget includes \$240,000 in state general funds — and more than \$3 million in federal and other money for the early childhood development program. Fewer than a third of the childcare providers in Alaska are trained in early childhood development. This program will help meet demand, particularly in Anchorage and rural Alaska, for better child care.</p> <p>"The increase also covers more faculty members for programs in nursing, medical lab technology, radiography, emergency medical care, information technology training, vocational education training, logistics support, applied business — with an emphasis on tailoring business education to local community needs — and marine technology and operations."</p>
Teacher Education	\$ 1.0 million													
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Total (GF)	\$4.2 million													
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<p>Preparing for Alaska's Economic Success</p> <p>The University's focus and leveraging of state investment dollars in these programs demonstrates the strength of the higher education, government and industry partnership.</p> <p>Additional funding in FY02 enables UA to continue preparing Alaskans to take advantage of the next period of significant economic prosperity.</p> <p>For more information on current year budget overview, see: www.alaska.edu/oir</p> <p>\$36 million in non-GF has been identified to match the \$16.9 million GF FY02 increment request</p>	<table border="0"> <tr> <td>Applied Research and Technology</td> <td>\$.5 million</td> </tr> <tr> <td>Finance and e-commerce</td> <td>\$.7 million</td> </tr> <tr> <td>Natural Resources and Alaska Fisheries</td> <td>\$.9 million</td> </tr> <tr> <td>Engineering</td> <td>\$.4 million</td> </tr> <tr> <td>Total (GF)</td> <td>\$ 2.5 million</td> </tr> <tr> <td></td> <td>plus \$9.2 million non-GF</td> </tr> </table>	Applied Research and Technology	\$.5 million	Finance and e-commerce	\$.7 million	Natural Resources and Alaska Fisheries	\$.9 million	Engineering	\$.4 million	Total (GF)	\$ 2.5 million		plus \$9.2 million non-GF	<p>"Looking ahead, the university wants to hire more faculty members to study seafood marketing, fisheries and salmon ecology and wildlife. The budget also includes \$200,000 for the Alaska Natural Resources Information System."</p> <p>"In recent years the Legislature often has asked if Alaska can afford more investment in the university. The better question is: Can we afford not to make this investment?</p> <p>Given the lack of support over the past decade, \$16.9 million is probably just a beginning. But as Mr. Hamilton said earlier this year, the university can't yet handle more.</p> <p>He has asked for what the university can manage well, and he wants to keep his promise of account-ability.</p> <p>Mr. Hamilton thinks in grand terms tempered by realism. He has a solid plan in hand. For Alaska's sake, the university should have the means to carry it out."</p>
Applied Research and Technology	\$.5 million													
Finance and e-commerce	\$.7 million													
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Engineering	\$.4 million													
Total (GF)	\$ 2.5 million													
	plus \$9.2 million non-GF													

"Carpe diem"

Alaska can only gain in building universities.

University of Alaska regent and Key Bank president Mike Burns marvels at Alaska's world-class talent in managing its salmon fisheries.

"We do such an incredible job of managing those fish for the next generation or the next run," he says. "If we were half as conscientious managing investments in people, we'd be doing a magnificent job."

Magnificent describes the potential for higher education in Alaska.

A decade of disinvestment in the University of Alaska appears to have ended. UA president Mark Hamilton's leadership -- and his insistence on accountability -- has awakened the Legislature to the university's vital role in Alaska's future. Businesses arguing for a strong university to provide talented, well-trained employees have contributed to that awakening.

Walt Parker, a member of the Arctic Research Commission whose association with the university dates to 1946, says it clearly: "If you want to live in a first-rate economy, where your annual average income is increasing rather than decreasing, back your university. We've proved that all over the country."

Mr. Hamilton points out that as Alaska let inflation and indifference gut the university of people and programs, the other oil-patch states -- Texas, Louisiana and Oklahoma -- were increasing their investment in higher education by an average of 57%.

What Others Are Saying:

How do we apply those lessons here?

Set standards of excellence: The university should strive to lead the world in a few well-chosen fields of study. That will attract top faculty, students and, as a result, research dollars. That will keep some of our best Alaska-grown students and draw brilliant new Alaskans.

More dollars and accountability: A strong university costs money, year after year. Only a long-term commitment will yield long-term gains. Mr. Hamilton also must maintain a focus on accountability that makes a clear case for what the university needs -- and why -- and then tracks performance. "I won't ask for one more dollar than we can responsibly spend," he says.

Focus on Alaska's first peoples: Native heritage is one of our state's unique contributions to the human record and should be at the core of our university's mission. The university should inspire young Native people to attend college and succeed -- both at enhancing their traditions and at looking ahead.

Seize other natural opportunities: Alaska is one of the greatest marine science, biology and wildlife management labs on the planet. We already have strong programs in these fields, but they can be stronger, both in research and instruction. Mr. Parker says UA should be the No. 1 Arctic research school in the United States, or even the world.

Seize opportunities in a changing world: Global logistics is a prime example, and a current UAA program is a good example in which the city of Anchorage, university and shipping

companies team to take advantage of Anchorage's position as an air cargo center.

Search for opportunities: UAF has an excellent computer science program, a Cray supercomputer and brilliant graduates with almost nowhere to go in Alaska. What can we build to keep them at home or least compete for their skills?

Explore cooperation among private and public schools: How do Alaska Pacific University in Anchorage, Sheldon Jackson College in Sitka and Charter College fit in? Mr. Hamilton calls these schools "fellow laborers." Complementary strengths suggest further cooperation.

Public service: The university must be part of the fabric of the state and its separate campuses part of their communities. This is already the case in Fairbanks, less so in Anchorage.

Mr. Burns and Mr. North speak of universities as beacons in their communities. As much as possible, the light needs to reach beyond campus and not just to brighten the state's economy. Education, as Mr. Burns said, is a matter not only of jobs and industry but of living. That's why there's need for French literature, art history and studies of the aurora.

Higher education yields prosperity, yes, but also opens doors of learning, imagination and understanding that give us the chance to know more and do more, to better comprehend our own and our neighbors' lives.

Alaska's motto is "North to the Future."

"We're not there," Mr. Burns says, but "we can see it from here."

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What Others Are Saying:

"Supply and Demand"

"University of Alaska President Mark Hamilton has embarked upon a mission on behalf of the state. Working closely with leaders of Alaska's oil, mining and power industries, the president has identified a range of vocational opportunities opening in coming years within Alaska's resource development sector. This in turn suggests an ambitious role for the state university, preparing Alaskans to fill those high-paying jobs."

"A good start was made this year as lawmakers approved a substantial increase in UA funding in response to Hamilton's initiative. While welcome, a one-year investment won't do the job...continuing support is required if UA is to achieve Hamilton's goal of grooming Alaskans for top jobs in the state's industrial sector."

"Governor Knowles signaled he's ready to do his part, endorsing another \$16.9 million hike in UA's next budget. It's now up to lawmakers to craft a state spending plan answering Hamilton's challenge."

"Expanding state university offerings in high-demand fields such as process technology holds excellent prospects for raising Alaskan batting averages over the long haul."

Fairbanks Daily News Miner (December 13, 2000 editorial)

Alaska State Chamber of Commerce Sets Legislative Priorities

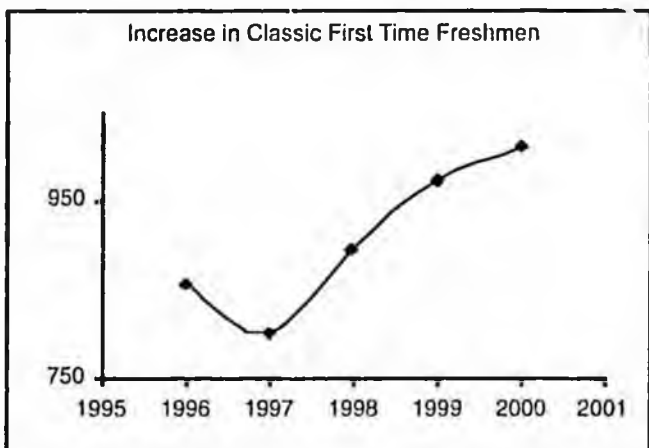
As the leading advocate for business, the Alaska State Chamber of Commerce regards the formulation and advocacy of its legislative program to be its most important activities of the year. Developed at a grassroots level, over 700 business members and more than 35 local chambers of commerce around the state submit their list of legislative concerns and positions. This year, the University has been highlighted in the list of legislative priorities for this session.

"Alaskans as Leaders in Technology and Service"

"The Alaska State Chamber of Commerce urges the Legislature and the Administration to devise a strategy and implement a program to position Alaska as a world leader in the value-added business of providing the technology and services to develop natural resources. This would be done by revitalizing and providing an aggressive state funded vocational education program that includes courses in natural resources and general technology; by funding the University of Alaska at a level reflective of a strong, stable state-wide system that invests in its students, faculty, facilities and programs; and by developing incentives for companies that invest in Alaska projects to utilize Alaska businesses and personnel."

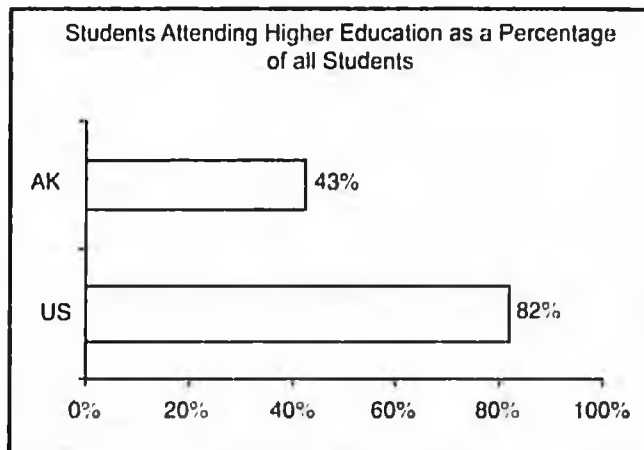
Chamber members from throughout the state will converge in Juneau at the annual Alaska State Chamber of Commerce Forum on February 6 and 7. For more information, see:
www.alaskachamber.com

BUILDING ALASKA'S FUTURE



The University of Alaska is turning the corner on enrollment. The budget restrictions of the 1990's resulted in fewer faculty, fewer classes and fewer students. As we rebuild our institutional capacity including a broad array of program offerings, especially in areas of industry needs and requirements in high growth areas, our enrollments will continue to grow.

Alaska has lost 20% of its population between the ages of 20 and 30 over the past decade. The retention of young Alaskans should be considered one of Alaska's most pressing needs. Less than half of students who attend college outside Alaska return to live in the state. Eighty percent of UA graduates stay and work in Alaska, raising families and contributing to their communities.



UNIVERSITY OF ALASKA SCHOLARS PROGRAM

In its second year, The UA Scholars Program continues to be a success. This \$11,000 scholarship, offered to the top 10% of Alaska high school graduates, has convinced a total of 566 of Alaska's best and brightest to enroll at the University of Alaska. It's no surprise that biology is the most popular four-year degree program for this group of students.

Governor Knowles introduced Kanani Pavitt, a UA Scholars Program recipient in his January "State of the State" address to the legislature.

"At Juneau-Douglas High School, Kanani was a whirlwind of activity - junior and senior class president, vice president of the National Honor Society, Alaska's representative to the National Ocean Science Bowl, captain of the volleyball team. In her spare time, she volunteered at Big Brothers-Big Sisters and worked with freshmen to ease their entry into high school. All this while excelling in her studies. So well in fact, that Kanani graduated in the top 10 percent of Juneau's class of 2000, making her one of 566 Alaska Scholars - our best and brightest students who qualify for free tuition at the University of Alaska. Today, holding down two jobs, Kanani has a 3.5-average in her first year at the University of Alaska Southeast."



Photo from Gov. Knowles website

For more information on the UA Scholars Program, see:
www.alaska.edu/scholars

22nd ALASKA STATE LEGISLATURE 2001-2002

House Leadership

Senate Leadership

House Speaker/Senate President
 Majority Leader:
 Minority Leader:
 Rules Committee:
 Judiciary Committee:
 House Resources Committee:

Rep. Brian Porter (*Anchorage*)
 Rep. Jeannette James (*North Pole*)
 Rep. Ethan Berkowitz (*Anchorage*)
 Rep. Pete Kott, Chair (*Eagle River*)
 Rep. Norm Rokeberg (*Anchorage*) Chair
 Rep. Beverly Masek (*Willow*) Co-Chair
 Rep. Drew Scalzi (*Homer*) Co-Chair

Sen. Halford (*Chugiak*)
 Sen. Loren Leman (*Anchorage*)
 Sen. Johnny Ellis (*Anchorage*)
 Sen. Drue Pearce (*Anchorage*) Chair
 Sen. Robin Taylor (*Wrangell*) Chair
 Sen. John Torgerson (*Soldotna*) Chair

Health, Education & Social Services
 Committee:
 Finance Committee:

Rep. Dyson (*Eagle River*) Chair
 Rep. Eldon Mulder (*Anchorage*) Co-Chair
 Rep. Bill Williams (*Saxman*), Co-Chair

Rep. Lyda Green (*Mal-Su*) Chair
 Sen. Pete Kelly (*Fairbanks*) Co-Chair
 Sen. Dave Donley (*Anchorage*) Co-Chair

House Finance Subcommittee on UA Budget:
 Rep. Mulder, Chair; Reps. Halcro, Kott, Stevens, Cissna, Davies

Senate Finance Subcommittee on UA Budget:
 Senate Finance Committee of the Whole

Note: The House has also created five special committees, including Education, Oil & Gas, Gas, Fisheries, Military and Veteran's Affairs and Economic Development, Trade and Tourism. The Special Committee on Education is chaired by Rep. Bunde, and members include Reps. Porter, Green, Stevens, Wilson, Joule, and Guess.

Hot Legislative Issues in January:

- HB 29 - Route of Natural Gas Pipeline
- HB 83 - Natural Gas Resources Development
- HB 35 - Distribution of Permanent Fund Income
- HB 69 - Income of Permanent Fund
- HB 37, HB 43, HB 54 – Alaska Student Loan Forgiveness measures
- HB 94/SB 56 - Pupaul
- HB 45-47 - Governor's FY02 Operating Budget Bills (*identical to SB 27-29*)
- SB 1 – Recalculation
- HB 94/ SB 56 - Pupil Competency Testing/Annual Education Report
- SB1 - Recalculation of the K-12 Education Foundation Formula
- SB 42 - Foundation Formula Increase
- HJR 9/SJR 4 - Supporting NCAA Basketball Preseason Tournaments

To view all legislation introduced to date,
 see: <http://www.legis.state.ak.us/basis/band_r_stat.asp?session=22>

Governor Knowles presented his "State of the State" address to the a joint session of the legislature on January 10, 2001, explaining his vision for the next fiscal year. His goals are:

- Put Alaskans to work
- Provide excellence in education
- Protect families and children
- Preserve the subsistence way of life
- Take the steps we need to balance our budget

Governor Knowles fully endorsed the University of Alaska Board of Regents FY02 Operating Budget. In his "State of the State address, he cited the following about the University:

"The great progress states make has always been tied to great universities, and we're well on our way. Last year, the Legislature agreed to most of my request for a \$17 million budget increase for the University. President Hamilton and the regents invested that money wisely -helping recruit, retain and train Alaska students and build Alaska's technological capacity. I make the same budget request this year - \$16.9 million more - so we can continue re-energizing Alaska's university. We also must continue and expand our investments in job training and vocational education. Alaskans must be ready to fill those gas pipeline and other new jobs on the horizon."

To view a complete copy of Governor Knowles speech, see:
www.gov.state.ak.us/speech/sos01.html

UNIVERSITY OF ALASKA

ALASKA STATE LEGISLATURE TWENTY-SECOND LEGISLATURE - FIRST SESSION STANDING COMMITTEES

Rev. (1/8/01)

SENATE

HOUSE

COMMITTEE

ON COMMITTEES (CCM)

Porter Chair
James, Kott, Mulder, Williams, Berkowitz, Joule

HOUSE COMMUNITY & REGIONAL AFFAIRS (CRA) 465-3882

Morgan Co-Chair
Meyer Co-Chair
Halcro, Murkowski, Scalzi, Guess, Kerttula

HOUSE FINANCE (FIN) 465-3757

Mulder Co-Chair
Williams Co-Chair
Bunde Vice Chair
Foster, Harris, Hudson, Lancaster, Whitaker, Croft,
Davies, Moses

HOUSE HEALTH, EDUCATION & SOCIAL SERVICES (HES) 465-3759

Dyson Chair
Wilson Vice Chair
Coghill, Kohring, Stevens, Cissna, Joule

HOUSE JUDICIARY (JUD) 465-4990

Rokeberg Chair
Coghill, James, Meyer, Ogan, Berkowitz, Kookesh

HOUSE LABOR & COMMERCE (L&C) 465-4954

Murkowski Chair
Halcro Vice Chair
Kott, Meyer, Rokeberg, Crawford, Hayes

HOUSE RESOURCES (RES) 465-3715

Masek Co-Chair
Scalzi Co-Chair
Fate Vice Chair
Chenault, Green, McGuire, Stevens, Kapsner, Kerttula

HOUSE RULES (RLS) 465-3764

Kott Chair
Kohring, McGuire, Morgan, Porter, Berkowitz, Joule

HOUSE STATE AFFAIRS (STA) 465-4963

Coghill Chair
Fate, James, Stevens, Wilson, Crawford, Hayes

HOUSE TRANSPORTATION (TRA) 465-4858

Kohring Chair
Masek, Ogan, Scalzi, Wilson, Kapsner, Kookesh

(CCM) COMMITTEE ON COMMITTEES (CCM)

Halford Chair
Kelly Vice-Chair
Pearce, Ward, Ellis

SENATE COMMUNITY & REGIONAL AFFAIRS (CRA) 465-4989

Torgerson Chair
Wilken Vice-Chair
Austerman, Phillips, Lincoln

SENATE FINANCE (FIN) 465-2618

Donley Co-Chair
Kelly Co-Chair
Ward Vice Chair
Austerman, Green, Leman, Willen, Hoffman, Olson

SENATE HEALTH, EDUCATION & SOCIAL SERVICES (HES) 465-3762

Green Chair
Leman Vice-Chair
Kelly, Ward, Davis

SENATE JUDICIARY (JUD) 465-3717

Taylor Chair
Donley Vice-Chair
Cowdery, Therriault, Ellis

SENATE LABOR & COMMERCE (L&C) 465-3844

Phillips Chair
Austerman, Leman, Torgerson, Davis

SENATE RESOURCES (RES) 465-4907

Torgerson Chair
Pearce Vice-Chair
Halford, Kelly, Taylor, Elton, Lincoln

SENATE RULES (RLS) 465-3770

Pearce Chair
Cowdery Vice-Chair
Phillips, Therriault, Ellis

SENATE STATE AFFAIRS (STA) 465-4522

Therriault Chair
Phillips Vice-Chair
Halford, Pearce, Davis

SENATE TRANSPORTATION (TRA) 465-4921

Cowdery Chair
Ward Vice-Chair
Taylor, Wilken, Elton

UNIVERSITY OF ALASKA

Twenty-Second Alaska State Legislature Representation By District—2001-2002 (First Session)

SENATE

HOUSE

A	Robin Taylor (R) Wrangell	1	Bill Williams (R) Saxman
		2	Peggy Wilson (R) Wrangell
B	Kim Elton (D) Juneau	3	Beth Kerttula (D) Juneau
		4	Bill Hudson (R) Juneau
C	Alan Austerman (R) Kodiak	5	Albert Kookesh (D) Angoon
		6	Gary Stevens (R) Kodiak
D	John Torgerson (R) Kasilof	7	Drew Scalzi (R) Homer
		8	Ken Lancaster (R) Soldotna
E	Jerry Ward (R) Anchorage	9	Mike Chenault (R) Nikiski
		10	Joe Green (R) Anchorage
F	Drue Pearce (R) Anchorage	11	Norman Rokeberg (R) Anchorage
		12	Andrew Halcro (R) Anchorage
G	Loren Lemman (R) Anchorage	13	Ethan Berkowitz (D) Anchorage
		14	Lisa Murkowski (R) Anchorage
H	Johnny Ellis (D) Anchorage	15	Eric Croft (D) Anchorage
		16	Gretchen Guess (D) Anchorage
I	John Cowdery (R) Anchorage	17	Lesil McGuire (R) Anchorage
		18	Con Bunde (R) Anchorage
J	Dave Donley (R) Anchorage	19	Kevin Meyer (R) Anchorage
		20	Brian Porter (R) Anchorage
K	Bettye Davis (D) Anchorage	21	Sharon Cissna (D) Anchorage
		22	Harry Crawford (D) Anchorage
L	Randy Phillips (R) Eagle River	23	Eldon Mulder (R) Anchorage
		24	Pete Kott (R) Eagle River
M	Rick Halford (R) Chugiak	25	Fred Dyson (R) Eagle River
		26	Vic Kohring (R) Wasilla
N	Lyda Green (R) Matanuska-Susitna	27	Scott Ogan (R) Palmer
		28	Beverly Masek (R) Willow
O	Gary Wilken (R) Fairbanks	29	John Davies (D) Fairbanks
		30	Joe L. Hayes (D) Fairbanks
P	Pete Kelly (R) Fairbanks	31	Jim Whitaker (R) Fairbanks
		32	John Coghill, Jr. (R) North Pole
Q	Gene Therriault (R) North Pole	33	Hugh 'Bud' Fate (R) Fairbanks
		34	Jeannette James (R) North Pole
R	Georgianna Lincoln (D) Rampart	35	John Harris (R) Valdez
		36	Carl Morgan (R) Aniak
S	Donald Olson (D) Nome	37	Reggie Joule (D) Kotzebue
		38	Richard Foster (D) Nome
T	Lyman Hoffman (D) Bethel	39	Mary Kapsner (D) Bethel
		40	Carl Moses (D) Unalaska

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education & Early Development
State of Alaska

UNIVERSITY OF ALASKA

Twenty-Second Alaska State Legislature Representation By District—2001-2002 (First Session)

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S	Donald Olson (D) Nome	37	Reggie Joule (D) Kolzebue
		38	Richard Foster (D) Nome
T	Lyman Hoffman (D) Bethel	39	Mary Kapsner (D) Bethel
		40	Carl Moses (D) Unalaska

Legislators who have attended the University of Alaska:

House Members:

Con Bunde - Anchorage	UAA
Sharon Cissna - Anchorage	UAA
John Davies - Fairbanks	UAF
Fred Dyson - Eagle River	UAA
Hugh "Bud" Fate - Fairbanks	UAF
Richard Foster - Nome	UAF
Joe Green - Anchorage	UAA
Andrew Halcro - Anchorage	UAA
John Harris - Valdez	UAA
Joe Hayes - Fairbanks	UAF
Reggie Joule - Kotzebue	UAF
Jeannette James - North Pole	UAF
Mary Kapsner - Bethel	UAF
Beth Kerttula - Juneau	UAS
Vic Kohring - Wasilla	UAA
Beverly Masek - Willow	UAA
Lesil McGuire - Anchorage	UAA
Kevin Meyer - Anchorage	UAA
Lisa Murkowski - Anchorage	UAA
Scott Ogan - Palmer	UAA
Brian Porter - Anchorage	UAA
Drew Scalzi - Homer	UAA
Gary Stevens - Kodiak	UAA
Peggy Wilson - Wrangell	UAF

Senate Members:

Alan Austerman - Kodiak	UAA
Bettye Davis - Anchorage	UAA
Johnny Ellis - Anchorage	UAA
Kim Elton - Juneau	UAF
Lyda Green - Wasilla	UAA
Rick Halford - Chugiak	UAS
Lyman Hoffman - Bethel	UAF
Pete Kelly - Fairbanks	UAF
Loren Leman - Anchorage	UAA
Georgianna Lincoln - Rampart	UAF
Donny Olson - Golovin	UAF
Drue Pearce - Anchorage	UAA
Gene Therriault - Fairbanks	UAF
Gary Wilken - Fairbanks	UAF

University of Alaska Events 2001 Legislative Session in Juneau

January

January 8 - First Day of 22nd Alaska State Legislature

February

January 31 -
February 6 - Rural Development Group Conference

February 3 - 5 - UA Student Governance Conference

February 5 - President's "State of the University" address to Senate/House Finance Committees
- Annual UA Alumni Ice Cream Social

March

March 2-6 - Legislative Break
March 7-9 - UA Board of Regents Meeting
March 21-22 - UA Foundation Meeting

April

April 2-5 - Tentative Chamber Fly-In
April 10-11 - Staff Alliance Conference
April 13-16 - Legislative Break

May

May 8 - 120th (and last) Day of Legislative Session

Be sure to check your local Gavel-to-Gavel schedule to view current legislative hearings, floor sessions and events of the week. For more information, see: www.ktoo.org/gavel/

2/06/01

OVERVIEW

AK COMM.

POSTSEC.

ED.

SFIN

FILE



FACT:

Alaska students get the lowest number of federal Pell Grants of any state.

Source: Institute for Higher Education Policy, December 2000

FACT:

The average lifetime income of families headed by college graduates is \$1.6 million more than that of families headed by high school graduates.

Source: Postsecondary Education Opportunity, November 2000

FACT:

Key to expanding Alaska's economy is providing low cost access to higher education for Alaskans.

Source: National Alliance of Business, Fall 2000, and Alaska Department of Labor and Workforce Development, September 2000

FACT:

Each year, Alaska imports over 69,000 workers for jobs that could be filled by Alaskans – if they could get the training they need.

Source: Alaska Economic Trend, February 2000

AlaskAdvantage

is brought to you

by

The Alaska Commission on Postsecondary Education

www.state.ak.us/acpe

Customer Service: (800) 441-2962

Administrative Offices: (907) 465-6740

With gratitude to Alaska's accredited institutions of postsecondary education, partners delivering financial aid quality and service:

- University of Alaska
- Alaska Vocational Technical Center
- Ilisagvik College
- Alaska Pacific University
- Sheldon Jackson College
- Charter College
- Career Academy
- Alaska Bible College
- New Concepts Beauty School

AlaskAdvantage

*Student Financial Aid
for Alaska's Future*

Alaska Commission on Postsecondary Education

www.state.ak.us/acpe



Standing:
Commissioners Greg Middag, Lisa Froelich Demko, Senator Gary Wilken, Rosa Foster, Mark Bergich
Seated: Commissioners Frances Rose, Dr. Milton Burd, Bobette Bush
Not Pictured: Commissioners Representative Lisa Markowski, Skye Robidoux, Ernie Hall, Kristen Forrester, Dr. Lydia Hays



From your Commissioners

Dear Alaskan:

It is with great pleasure that the Commission introduces *AlaskAdvantage*, a revolution in financial aid services for Alaska.

AlaskAdvantage is a service-oriented financial aid packaging and delivery system designed to provide Alaskans access to the guaranteed lowest-cost financial aid, as well as to provide our students and our State with the rewards of increased access to higher education. The *AlaskAdvantage* program packages Alaska Student Loan and federal Title IV programs to provide borrowers with one-stop financial aid shopping, simultaneous grant and loan application, and significant cost reductions. The program additionally includes provisions to fund grant programs and to attract new students at Alaska institutions.

We're particularly proud that the *AlaskAdvantage* program will be managed and operated in Alaska, by Alaskans, for Alaska.

Your Alaska Commission on Postsecondary Education

Questions & Answers

Will the ASL go away?

The ASL will not go away. The ASL will continue to be available for students who are not eligible for federal Title IV aid, and for students whose need exceeds their Title IV aid.

Does this mean all students will be required to complete a free application for federal student aid (FAFSA)?

All students will have to complete a FAFSA. The FAFSA is also the application for federal grants, so this step will ensure that students do not borrow when they could be getting free grant aid.

What about students whose parents will not provide the tax information needed to complete a FAFSA?

Students who cannot complete the FAFSA because their parents do not provide required information may still be eligible to apply for the ASL. If these students have completed the other sections of the FAFSA, they won't even need to fill out a new application form. However, by not completing all sections of the FAFSA, they will be forfeiting their entitlement to any federal grants or loans for which they may be eligible.

What are the *AlaskAdvantage* benefits for Alaska's students?

- ❖ One-stop financial aid shopping & info center
- ❖ One-form grant and loan application
- ❖ Lowest cost financial aid
- ❖ Options for students with poor credit histories
- ❖ Increased access to loan deferment or cancellation for borrowers with hardships

What are the benefits for Alaska's higher education institutions?

- ❖ Streamlined aid packaging and delivery
- ❖ Significantly reduced administrative burden
- ❖ Recruiting tool to attract students to Alaska

And the benefits for Alaska?

- ❖ New funding options for workforce development
- ❖ Creation of grant funding pool for Alaska
- ❖ Incentives for Alaska students to stay in Alaska
- ❖ Economic stimulation via in-state servicing of up to \$24 million in federal loans formerly serviced outside of Alaska

AlaskAdvantage is scheduled to debut fall 2002

30 Years of Helping Alaskans Help Themselves

*A Report to Senate Finance on the Alaska
Commission on Postsecondary Education and the
Alaska Student Loan Corporation*

February 2001

by Diane Barrans, Executive Director

Kenneth Dodson, Director, Information Support Services

Sheila King, Finance Officer

AGENCY TIMELINE (the 70s)

- ✓ 1971--Pre-ACPE state student loans made through AK Department of Education
- ✓ 1974--ACPE established by AK Legislature to:
 - Administer student aid programs
 - Coordinate and plan for postsecondary education
 - Authorize and regulate postsecondary institutions in Alaska

TIMELINE (the 80s)

- ✓ 1987--ASLC created by the 15th AK Legislature to issue bonds to fund low-cost education loans.
- State appropriations continue under the “millenium” plan, a funding model designed to avoid need for annual appropriation beyond 2000 or for bonding beyond 2003.
- Public community colleges absorbed into statewide administration

TIMELINE (the 90s)

- ✓ 1992--Annual appropriations curtailed; ASLC directed to use self-sustaining funding strategies.
- ✓ 1994-1998--Statutory changes made to improve quality of loan collateral and loan collections.
- ✓ 1998--ASLC has first net income w/o GF
- ✓ 1999--ASLC receives full ratings upgrade to AA
- ✓ 1996-1999--On-going improvements to increase service; improve efficiency; reduce costs.

TIMELINE (2000/01)

- ✓ 2000--ASLC supports responsible method for returning contributed capital to the State
- ✓ 2000--Annual default rate below 10% (9.7%)
- ✓ 2000--ASLC directs program managers to develop strategy for enhancing products for Alaskans
- ✓ 2001--Lending interest rate below 8% for first time in ASLC history (7.8%)
- ✓ 2001--Program managers develop method to reduce costs on all new, and some older loans

The Future...con't

✓ 2000-2001--ACPE/ASLC approves *AKAdvantage* program redesign to create the foundation for a new era of expanded and improved educational financing assistance and service--tailored for Alaska.

AlaskAdvantage is a service-oriented financial aid packaging and delivery system, managed and operated in Alaska, by Alaskans, for Alaska.

AlaskAdvantage Borrower Benefits

✓ Student/Parent benefits--

- One-stop financial aid & info services
- One-form grant and loan application
- Lowest cost financial aid
- Options for students with poor credit histories
- Expanded options for loan deferment, repayment or cancellation due to hardship
- Ease of on-line application, renewal, and MPN

AlaskAdvantage School Benefits

- ✓ Institutional administrative benefits--
 - Streamlined aid packaging and delivery
 - Significantly reduced manual administration and improved control and oversight
 - Recruiting tool to attract and retain students
 - Potential source of grant/scholarship aid for at-risk students

AK Advantage Benefits for Alaska

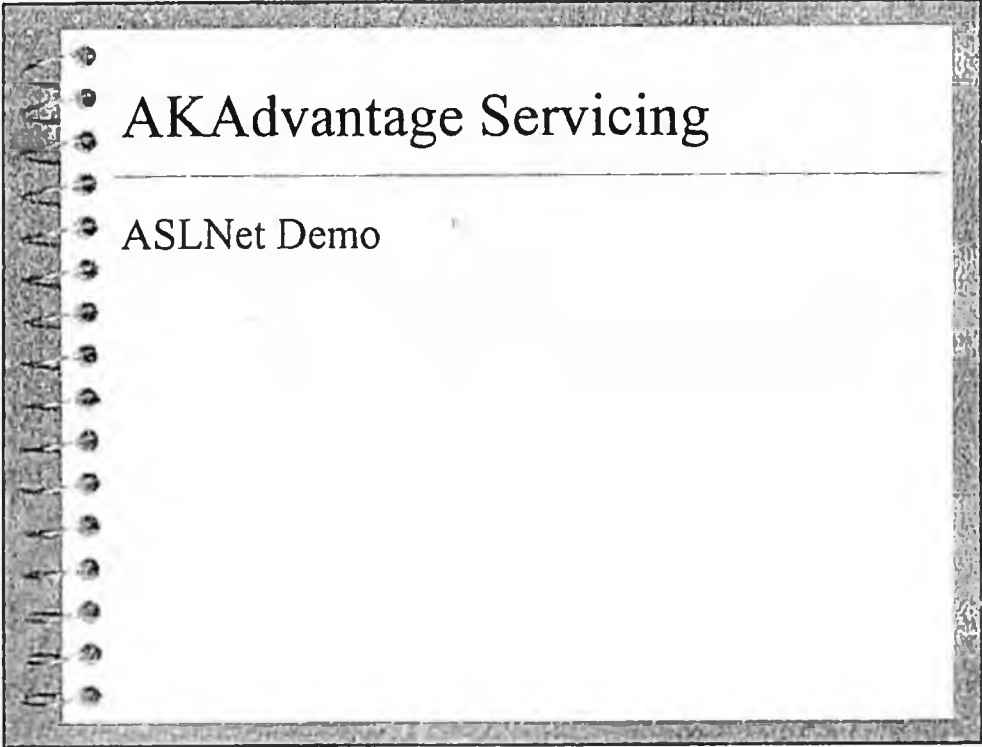
✓ Benefits for Alaska--

- New funding options for workforce development
- Creation of Alaska grant/scholarship fund
- Incentives for Alaska students to stay in Alaska
- Increased benefit from federal loan forgiveness for Teachers
- Annually shift \$24 million+ in federal loans to in-state lender/servicer

AK Advantage Financing

✓ Federal Loan Guarantee and Subsidies

- 98% guarantee of loan principle + interest on all Federal loans
- Interest subsidy during in-school period paid to ASLC on Subsidized Stafford Loans
- Special Allowance Payments to equalize cost of market interest rate fluctuations



Alaska Student Loan Corporation
Statement of Projected Revenues and Expenses
by Fiscal Year

(See Assumptions below)	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Interest income on student loans	37,121,024	38,189,320	40,374,769	41,019,528	40,960,900	41,247,192
Provision for loan loss and forgiveness	(3,300,000)	(5,100,000)	(4,014,400)	(3,867,520)	(3,745,120)	(3,484,000)
Operating expenses and collection fees	(8,600,000)	(8,200,000)	(7,620,000)	(7,620,000)	(7,620,000)	(7,620,000)
Operating income	<u>25,221,024</u>	<u>24,889,320</u>	<u>28,740,369</u>	<u>29,532,008</u>	<u>29,595,780</u>	<u>30,143,192</u>
Investment interest income	14,207,316	15,065,378	15,776,685	16,322,383	16,328,141	15,888,162
Bond interest expense	(22,493,646)	(23,426,034)	(23,705,716)	(23,905,768)	(23,835,193)	(23,761,970)
Amort. of bond discounts	(308,000)	(275,000)	(205,000)	(180,000)	(155,000)	(130,000)
Amort. of bond issue costs	(870,000)	(890,000)	(910,000)	(930,000)	(950,000)	(970,000)
Net income	<u>15,756,694</u>	<u>15,363,664</u>	<u>19,696,337</u>	<u>20,838,623</u>	<u>20,983,728</u>	<u>21,169,384</u>

Net Income Projection Assumptions:

- > Includes an offset payment effective 7/1/2001 for 9%, 8.9% and 8.6% loans.
- > ASL rate at 7.8% rate beginning FY2002.
- > 3% origination fee beginning FY2002.
- > FFELP loans begin in FY2003 and ASLC gets 100% of freshman volume.

<u>Estimates of Federal Benefits:</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Federal loan guarantee based on 14% default rate		1,440,600	2,181,480	2,798,880
Stafford in-school interest subsidy	311,579	783,400	1,388,754	2,278,981
Special Allowance Payments	50,759	76,863	98,617	145,025
	<u>362,338</u>	<u>2,300,863</u>	<u>3,668,851</u>	<u>5,222,886</u>

<u>Estimate of interest rate reduction cost on federal volume in assumptions:</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
50 basis points (.5%) reduction	31,974	80,389	142,505	233,852
100 basis point (1%) reduction	63,949	160,778	285,009	467,705

<u>Estimated ROC Payment to the State:</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Minimum threshold 10%	1,575,669	1,536,366	1,969,634	2,083,862
Maximum threshold 35%	5,514,843	5,377,282	6,893,718	7,293,518

2/07/01

CARLSON

V.

STATE,

CFEC

SFIN

FILE

MAIN STATUTE AND REGULATION AT ISSUE: CARLSON V. STATE

AS 16.43.160(b)

Annual fees established under this section (for entry or interim use permits) shall be no less than \$10 and no more than \$750 and shall reasonably reflect the different rates of economic return for different fisheries. The amount of an annual fee for a nonresident shall be three times the amount of the annual fee for a resident.

20 AAC 05.240(4)

...the resident and non-resident annual fees are:

FEE CLASS	ANNUAL FEE	
	<u>Resident</u>	<u>Non-resident</u>
I	\$250	\$750
II	\$200	\$600
III	\$150	\$450
IV	\$100	\$300
V	\$50	\$150

*Submitted by
Dept of Law 2/6/01*

ALASKA SUPREME COURT'S FORMULA FOR CALCULATING
THE MAXIMUM PERMISSIBLE FEE FOR A NONRESIDENT
COMMERCIAL FISHING LICENSE OR PERMIT:

MAXIMUM
PERMISSIBLE
FEE FOR A
NONRESIDENT
PERMIT/LICENSE

=

FEE FOR A
RESIDENT PERMIT/
LICENSE

+

(ANNUAL FISHERIES
BUDGET/ALASKA
POPULATION) X
(% STATE BUDGET
FROM OIL REVENUES)

CARLSON V. CFEC
STATUS – FEBRUARY 2001

I. LEGAL ISSUE: Whether the state may charge nonresident commercial fishers more than it charges resident commercial fishers for commercial fishing licenses and permits.

II. FACTUAL BACKGROUND: Alaska statutes require the state to charge nonresident commercial fishers three times as much as it charges similarly situated resident fishers for limited entry permit fees (AS 16.43.160(b)) and charge \$65 more for nonresident crewmember license fees (AS 16.05.480). The permit fees must reflect the different rates of economic returns for the fisheries and, thus, CFEC has adopted a 5-tier fee schedule. The lowest-value fees have a \$100 difference between residents and nonresidents, and the highest-value fees have a \$500 difference. 20 AAC 05.240(4).

III. PROCEDURAL HISTORY OF CASE: In 1982, Carlson and other nonresident commercial fishers sued CFEC alleging that the resident-nonresident fee differential violates the Commerce Clause and the Privileges and Immunities Clause of the U.S. Constitution. Their suit was later certified as a class action, capturing as plaintiffs approximately 11,000 nonresident fishers who have paid the higher fees.

In the nineteen years that this case has been litigated, the state has twice prevailed before the superior courts, only to have the summary judgments twice reversed and remanded on appeal to the Alaska Supreme Court. After the second remand, in 1995, the plaintiffs filed a petition for cert. before the U.S. Supreme Court. They asked the Court to review the formula that had been developed by our court, and they asked it to review our court's holding that the Commerce Clause is not applicable to their challenge. The Court denied the petition.

In the second appeal to the Alaska Supreme Court, the Court announced that the plaintiffs' claim is governed only by the Privileges and Immunities Clause. Under that clause, a state must treat residents and nonresidents, when they are pursuing their vocations, with substantial equality. Caselaw, in the context of *Carlson*, holds that any difference in commercial license and permit fees may only be based on the amount that residents pay for the pertinent state services - commercial fishery management - through taxes that are not also paid by nonresidents. Since Alaska residents currently pay no broad-based state tax, the Court said that petroleum revenues, because they belong only to residents, may be used in lieu of resident tax revenues.

Thus, the formula established by the Court begins with the state's expenditures for commercial fishery management, then applies a factor that reduces them to only the portion that is derived from petroleum revenues. When the "petroleum-only fishery expenditures" are divided by the number of Alaska residents, the result is a dollar amount. That dollar amount is the *maximum* difference that the state can charge between resident and nonresident license and permit fees.¹ Because the state's

¹ For example, if, in a given year, the state spends \$100 million to support commercial fisheries, and

commercial fishing expenditures have varied from year to year, the permissible differential is also different for each year.

When the case was remanded to apply the formula, the parties decided to litigate several refund issues first. Contrary to our position, the superior court held that, if the fees paid by nonresidents are higher than the formula would allow, all members of the class would be entitled to refunds of the difference. Also, the court held that refunds would qualify for pre-judgment interest. We petitioned for review of the refund rulings, but the Alaska Supreme Court denied our petition.

In a court trial in June 2000, the superior court ruled that some, but not all, of the budget categories identified by the state may be counted when calculating the annual expenditures for commercial fisheries management. Among others, the court ruled that the state's expenditures for hatcheries, harbors, and other capital improvements may not be considered as expenditures that support commercial fisheries. Also the court ruled that the state may not count the state's loan subsidies to fish hatcheries nor the costs of general governmental services used by commercial fishers.

IV. ATTORNEYS & JUDGES: No less than five AGGs, in succession, have represented the state. The plaintiffs have been represented by Loren Domke since 1982. He is occasionally assisted by the firm of Jones, Day, et al. of Washington, D.C. Judge Hunt was originally assigned to the case; it is presently before Judge Michalski.

V. WHAT HAPPENS NEXT: At the June 2000 trial, the state calculated the potential refunds due class members for just one year, 1996. Under rulings made by the trial court, for that year alone, the state would have to repay overpayments and prejudgment interest of \$1.37 million.

Under an agreement with the class, the state is mailing out notices of possible refund to all class members. The state is also calculating refunds that would be due for all other years. Once those amounts are totaled, the trial court will enter a judgment against the state for that amount. That is likely to occur in April or May of 2001. At that point, the parties may appeal various issues to the Alaska Supreme Court. The state will appeal, and it is expected that the Supreme Court will rule sometime in the latter half of 2002.

VI. STATE'S POTENTIAL FINANCIAL LIABILITY: If the plaintiffs prevail on their theory that the Commerce Clause allows absolutely no resident/nonresident fee differential (highly unlikely), the state would owe refunds and interest that total more than \$30 million. But even under current rulings by the Alaska Supreme Court and the trial court, which allow some but not all the present differentials, the amount owed to the class members would be tens of millions of dollars.

half of that is derived from oil revenues (\$50 million), then each of Alaska's 500,000 residents pays \$100 of his/her portion of oil revenues to support commercial fishing. A resident fisher pays his/her permit fee plus the \$100, while a nonresident pays only his/her permit fee. To equalize those payments for that year, the state may charge a nonresident \$100 more than it charges a resident for the same type of permit.

10/20/01

**LONG-
RANGE
FISCAL
PLAN**

SFIN

FILE




SENATOR DAVE DONLEY

ALASKA STATE LEGISLATURE

MEMORANDUM

October 22, 2001

TO: Mindy Rowland

FROM: Senator Dave Donley, Co-Chair 
Senate Finance Committee

RE: Senate Finance Committee Teleconference

The following items from the Senate Finance Committee Teleconference held on Saturday, October 20, 2001 are attached:

- Audio tapes of the meeting
- Conference Logs
- Written testimony faxed in
- Packets provided to members of the Finance Committee
- Long-range Fiscal Plan Presentation given by Senator Donley
- Packets provided to the public

If you need any additional information, please contact Kristie Keele of my staff at 269-0234.

DD/kk

Co-Chair: Senate Finance Committee
Vice-Chair: Senate Judiciary Committee
Member: Legislative Budget and Audit Committee • Legislative Council

January-May: STATE CAPITOL • JUNEAU, AK • 99801 • (907) 465-3892 • FAX: (907) 465-6595
June-December: 715 West Fourth Avenue • Suite 400 • ANCHORAGE, AK • 99501 • (907) 269-0234 • FAX: (907) 269-0238
Email: Senator_Dave_Donley@legis.state.ak.us
www.akrepublicans.org/Donley.htm • www.legis.state.ak.us/senate/donley/htm



Alaska State Senate

Senate Finance Committee


Official Business

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

MEMORANDUM

October 8, 2001

TO: House Judiciary Committee Members

FROM: Senator Dave Donley, Co-Chair 
Senate Finance Committee

RE: Committee Substitute to Senate Joint Resolution 23 (FIN)am "P" Version, "Proposing amendments to the Constitution of the State of Alaska relating to an appropriation limit and a spending limit"

I ask that you support the adoption of CS SJR 23 (FIN)am, the "P" version, as a House Committee Substitute and pass it from committee at your earliest convenience.

Briefly, this proposed constitutional amendment revises the existing appropriation limit (Article IX, Section 16) adopted in 1981.

The existing appropriation limit is too high, is unclear, and is not functioning as intended. The "P" version of SJR 23 would lower the appropriation limit to create an enforceable reasonable restraint, clarify how the limit is calculated, remove the non effectual one-third capital spending requirement and link future increases to the two previous year's spending levels rather than a single starting point amount.

The Senate Finance Committee believes adoption of an effective, reasonable constitutional spending limit to be an essential first step to developing any new long-range fiscal plan for the state.

Attached for your further information are the following documents:

- Committee Substitute to Senate Joint Resolution 23 (FIN)am "P" Version
- Existing Article IX, Section 16 of the Alaska Constitution
- Sectional Summary
- Sponsor Statement to CS SJR 23 (FIN)am
- Talking Points for CS SJR 23 (FIN)am
- Charts

DD/jja

WORK DRAFT

WORK DRAFT

WORK DRAFT

22-LS0734P
Cook
9/4/01

HOUSE CS FOR CS FOR SENATE JOINT RESOLUTION NO. 23()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATORS DONLEY, Holford, Ward, Taylor, Cowdery, Phillips, Austerman, Leman, Kelly

A RESOLUTION

1 **Proposing amendments to the Constitution of the State of Alaska relating to an**
2 **appropriation limit and a spending limit.**

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

4 *** Section 1. Article IX, sec. 16, Constitution of the State of Alaska, is repealed and**
5 **readopted to read:**

6 **Section 16. Appropriation and Spending Limit. (a) Appropriations made**
7 **for a fiscal year shall not exceed by more than four percent the amount appropriated**
8 **for the fiscal year two years preceding the fiscal year for which the appropriations are**
9 **made. This subsection does not apply to**

- 10 (1) **an appropriation to the Alaska permanent fund;**
- 11 (2) **an appropriation of Alaska permanent fund income for a program**
12 **that provides permanent fund dividends to State residents;**
- 13 (3) **an appropriation to meet a state of disaster declared by the**
14 **governor as prescribed by law;**
- 15 (4) **an appropriation for the Alaska Railroad;**
- 16 (5) **an appropriation of State general obligation and revenue bond**

WORK DRAFT

WORK DRAFT

22-LS0734P

1 proceeds;

2 (6) an appropriation required to pay obligations under general
3 obligation bonds, revenue bonds, and certificates of participation issued by the State;

4 (7) an appropriation of money received from the federal government;

5 (8) a reappropriation of money already appropriated under an
6 unobligated appropriation that is not void under Section 13 of this article;

7 (9) an appropriation of money for expenditure by a State agency to
8 provide services to another State agency that has also received an appropriation of the
9 same money; and

10 (10) an appropriation made under (b) of this section.

11 (b) An appropriation that exceeds the limit under (a) of this section may be
12 made for any public purpose upon affirmative vote of two-thirds of the members of
13 each house of the legislature. The total amount of appropriations under this subsection
14 made for a fiscal year may not exceed two percent of the amount appropriated for the
15 fiscal year two years preceding the fiscal year for which the appropriations are made.

16 (c) If appropriations for a fiscal year exceed the amount that may be
17 appropriated under (a) or (b) of this section, the governor shall reduce expenditures by
18 the executive branch for its operation and administration to the extent necessary to
19 avoid spending more than the amount that may be appropriated under (a) or (b) of this
20 section.

21 * Sec. 2. Article XV, Constitution of the State of Alaska, is amended by adding a new
22 section to read:

23 **Section 30. Reconsideration of Appropriation and Spending Limit.** If the
24 2002 amendment relating to an appropriation and spending limit (art. IX, sec. 16) is
25 adopted, the lieutenant governor shall place the ballot title and proposition for the
26 amendment on the ballot again at the general election in 2006 and every six years
27 thereafter unless it is rejected. If the majority of those voting on the proposition
28 rejects the amendment, Section 16 of Article IX is repealed on the date the election is
29 certified.

30 * Sec. 3. The amendments proposed by this resolution shall be placed before the voters of
31 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the

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22-LS0734P

1 State of Alaska, and the election laws of the state.

CS SJR 23 (FIN)am
Senator Dave Donley
October 8, 2001

**Existing Provision
Alaska Constitution
Article IX, Section 16**

Section 9.16 - Appropriation Limit.

Except for appropriations for Alaska permanent fund dividends, appropriations of revenue bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from a non-State source in trust for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds, appropriations from the treasury made for a fiscal year shall not exceed \$2,500,000,000 by more than the cumulative change, derived from federal indices as prescribed by law, in population and inflation since July 1, 1981. Within this limit, at least one-third shall be reserved for capital projects and loan appropriations. The legislature may exceed this limit in bills for appropriations to the Alaska permanent fund and in bills for appropriations for capital projects, whether of bond proceeds or otherwise, if each bill is approved by the governor, or passed by affirmative vote of three-fourths of the membership of the legislature over a veto or item veto, or becomes law without signature, and is also approved by the voters as prescribed by law. Each bill for appropriations for capital projects in excess of the limit shall be confined to capital projects of the same type, and the voters shall, as provided by law, be informed of the cost of operations and maintenance of the capital projects. No other appropriation in excess of this limit may be made except to meet a state of disaster declared by the governor as prescribed by law. The governor shall cause any unexpended and unappropriated balance to be invested so as to yield competitive market rates to the treasury.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3887 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

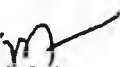
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

October 4, 2001

SUBJECT: Constitutional appropriation and spending limit; sectional summary for HCS CSSJR 23()(Work Order No. 22-LS0734\P; 9/14/01)

TO: Senator Dave Donley

FROM: Pamela Finley 
Revisor of Statutes

Sec. 1. (a) Rewrites the existing constitutional spending limit formula. With the exception of certain types of appropriations and reappropriations, provides that appropriations made for a fiscal year shall not exceed by more than four percent the amount appropriated for the fiscal year two years preceding the fiscal year for which the appropriations are made.

(b) Permits an appropriation that exceeds the limit to be made by affirmative vote of two-thirds of the members of each house, and establishes a limit on the amount of these types of appropriations.

(c) If appropriations for a fiscal year exceed the limits under (a) or (b), the governor is directed to reduce expenditures by the executive branch for its operation and administration to the extent necessary to avoid spending that exceeds the limits.

Sec. 2. The lieutenant governor is directed to place this proposition on the ballot again at the general election in 2006 and every six years thereafter unless it is rejected.

Sec. 3. The proposed amendments will be voted on during the 2002 general election.

PF:glc
01-328.glc



Alaska State Senate

Senate Finance Committee

Official Business

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Sponsor Statement
for

**Committee Substitute for Senate Joint Resolution 23 (FIN)am
Including Explanation of Proposed "P" Version House Committee Substitute
"Proposing amendments to the Constitution of the State
of Alaska relating to an appropriation limit and a spending limit"**

The Senate Finance Committee believes adoption of an effective, reasonable constitutional spending limit to be an essential first step to developing any new long-range fiscal plan for the state.

Senate Joint Resolution 23 would amend Article LX, sec 16 of Alaska's Constitution by lowering the existing appropriation limit to better reflect Alaska's current revenue picture. Passage of SJR 23 would ensure a limit on the growth of state government and force the state to further reasonably reduce non-essential state spending.

The existing constitutional appropriation limit, adopted by voters in 1981, has not worked as anticipated and has never been effective in restraining state spending. A main reason for its failure is that the starting amount of \$2.5 billion was too high and its escalator factor based on population and inflation was too liberal. In fact, given the increases in inflation and population over the last 19 years, the general fund spending limit imposed by Article IX, Section 16 will be over \$6 billion. That is about \$3 billion more than general fund spending in the Fiscal Year 2000. SJR 23 would more accurately reflect today's spending by amending the existing appropriation limit.

SJR 23, as it passed the Senate, would allow the legislature to exceed the limit by no more than 1/2 of the annual increase in both population levels and the consumer price index. SJR 23 also contains a mechanism allowing the legislature to increase the base limit to 75% of the increase in population and inflation with a 2/3 vote of each house.

Working with Legislative Finance and Legal during the 2001 interim, we have developed a proposed committee substitute (P version).

The appropriation limit that the "P" version of SJR 23 proposes would be based on a non-cumulative amount appropriated from 2 years prior and would allow for up to a 2% increase per year (4% total) requiring a simple majority vote. An additional 2% may be appropriated bringing the total to 6%. This additional 2% would require a two-thirds vote of both houses.

If, for example 6% was appropriated for FY04, the FY06 limit would be based on the original 4% increase that passed with a simple majority, not the full 6%.

Sponsor Statement
CS SJR 23 (FIN)am "P" Version
October 8, 2001

If the amount appropriated exceeds the limit, the governor shall reduce expenditures by the executive branch for its operation and administration in order to bring expenditures back in line with the constitutional limit.

SJR 23 also removes the requirement that one-third of the budget be appropriated for capital expenditures. Over the years, several attorney general opinions have been written on the meaning of the constitutional limit; those opinions counter the plain English meaning of the language and have allowed the legislature and the administration to avoid this requirement. SJR 23 removes this arbitrary and superfluous requirement.

SJR 23 simplifies and clarifies exactly what spending counts towards the appropriation limit, something that is not clear in the existing constitutional language.

Without a meaningful constitutional amendment in place that limits the amount of state general fund expenditures, there is absolutely no guarantee that the state will restrain, let alone reduce, spending. SJR 23 would limit state spending and is a key component of any new long-range plan to ensure Alaska's long-term fiscal health.

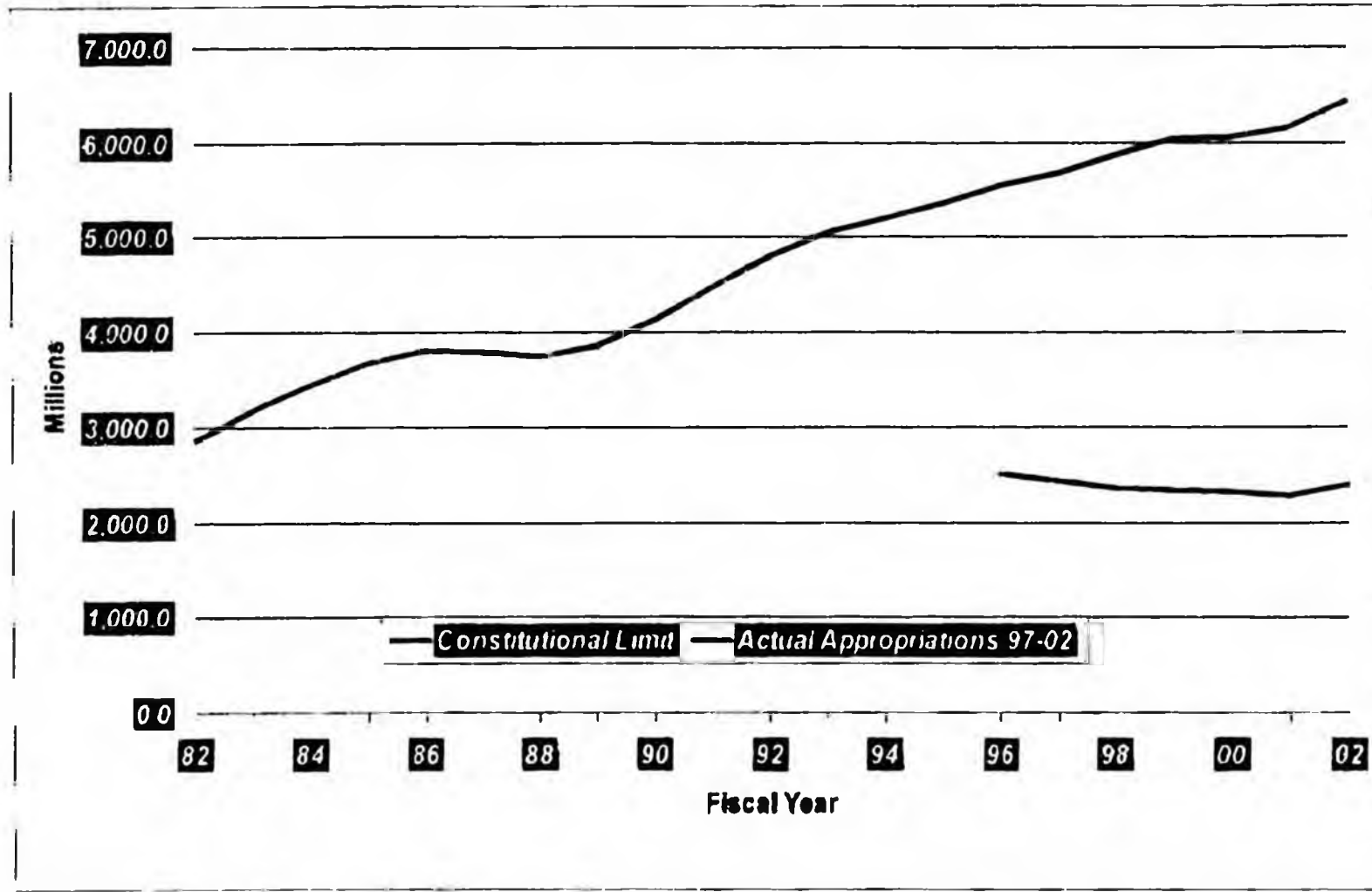
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**Existing Constitutional Appropriation Limit
vs. the "P" Version of SJR 23 Appropriation Limit
(Includes explanation of charts)
Prepared by Senator Donley's Office**

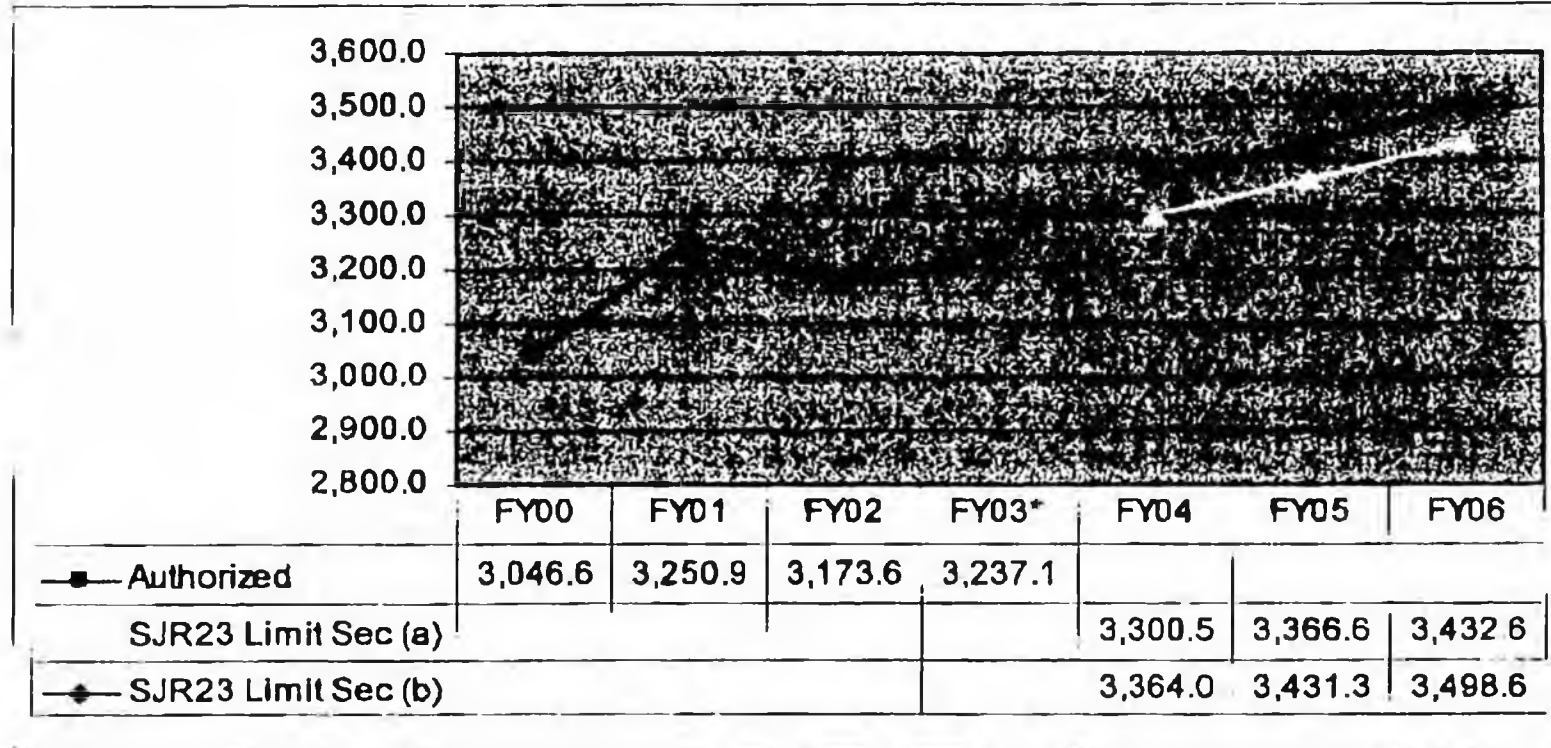
- A constitutional spending limit is a key component of any long-term fiscal plan
- Lowers existing appropriation limit to reflect the current budget situation
- The current appropriation limit, based on population growth and inflation rates, is addressed in Article 9, Section 16 of the Alaska Constitution which took affect December 24, 1982. The limit for FY02 is \$6.4 billion.
- The graph shows the existing spending limit based on numbers provided by OMB and includes actual GF appropriations for FY96 to FY02. It is obvious that the existing constitutional limit is obsolete since it allows for an FY02 appropriation of \$6.4 billion and the actual GF appropriated is only \$2.4 billion.
- Simplifies and clarifies exactly what spending counts toward the appropriation limit and more importantly, what does not.
- The following items are excluded from the limit:
 1. appropriations by the governor to meet a state disaster
 2. revenue bond proceeds
 3. principle & interest payments of general obligation bonds
 4. reappropriations
 5. interagency receipts (appropriations to one agency which are then paid to another agency for services)
 6. federal funds
 7. appropriations having to do with the Alaska railroad
 8. appropriations having to do with the permanent fund, including permanent fund dividends.
- The current limit excludes PFDs, revenue bond proceeds, general obligation bond principal/interest payments and "money received from a non-State source in trust for a specific purpose. . ." This is ambiguous.
- The appropriation limit that SJR 23 proposes would be based on a non-cumulative amount appropriated from 2 years prior and would allow for up to a 2% increase per year (4% total) requiring a simple majority vote. The chart assumes SJR 23 would be in effective for the FY04 budget process and would be based on the appropriated amount for FY02.
- An additional 2% may be appropriated bring the total to 6%. This additional 2% would require a two-thirds vote of both houses.

- If, for example 6% was appropriated for FY04, the FY06 limit would be based on the original 4% increase that passed with a simple majority, not the full 6%.
- If the amount appropriated exceeds the limit, the governor shall reduce expenditures by the executive branch for its operation and administration in order to bring expenditures back in line with the constitutional limit.
- Removes the requirement that 1/3 of the appropriations be used for capital projects. This is an arbitrary number and Attorney General Opinions have negated the original intent of the language, thus allowing the legislature and administration to currently avoid this requirement
- Alaska voters are given the opportunity after four years (2006) to reaffirm their wish to maintain this appropriation limit and again every six years after that. In the event they choose not to approve it, Article IX Section 16 is repealed and removed from the constitution.
- SJR 23 ensures a limit on state government growth and will encourage the state to reasonably reduce non-essential state spending.

The Current Spending Limit vs Recent Appropriations



Projected Appropriation Limits under SJR 23



*FY03 Authorized budget estimated at 2% increase over FY02.

Sec (a) allows for up to a 4% increase over the amount appropriated 2 years prior.

Sec (b) states an additional 2% may be appropriated with a two-thirds vote of both houses.

Not included in SJR23 Limit: Permanent Fund dividends, G.O. & revenue bond proceeds, reappropriations, duplicated funds, and funds from non-State sources.

All numbers taken from LFD Fiscal Summaries in Summary of Appropriations

TO: Senate Finance Committee Members
Senator Pete Kelly, Co-Chair, Bryan Butcher
Senator Alan Austerman, Cliff Stone
Senator Lyda Green, Jerry Burnett
Senator Loren Leman, Annette Kreitzer
Senator Jerry Ward, Loretta Brown
Senator Gary Wilken, Sheila Peterson
Senator Lyman Hoffman, Sandy Burd
Senator Donny Olson, Dave Gray

FROM: Senator Dave Donley, Co-Chair
Senator Pete Kelly, Co-Chair
Senate Finance Committee

RE: Senate Finance Committee Meeting, Saturday, October 20, 2001

We have scheduled a Senate Finance Committee meeting for 1:00 p.m. Saturday, October 20, 2001, at the Anchorage Legislative Information Office in the basement hearing room. The agenda for the meeting is an update on the status of the Senate Finance Committee Fiscal Plan and public testimony on developing a new long-range fiscal plan, cost-saving measures and ways in which to generate additional revenue for the state.

If you are unable to attend but would like to participate via teleconference, please let my office know and we will try to accommodate you.

DD:dld

To: Gary

Good morning - Sounds like cold weather is heading towards Fbys

**SENATOR DAVE DONLEY'S
SENATE FINANCE COMMITTEE
LONG-RANGE FISCAL PLAN PRESENTATION
OCTOBER 20, 2001**

(SLIDE 1)

Senator Dave Donley
Co-Chair Senate Finance Committee

**Presentation on
Long-Range Fiscal Plan**

**MOST ALASKANS AGREE THAT DEVELOPMENT OF A LONG-RANGE FISCAL PLAN
IS ONE OF THE GREATEST CHALLENGES FACING OUR STATE.**

(SLIDE 2)

Republican Majority's

Five Year Fiscal Plan Was a Success

AS WE BEGIN WORK ON A NEW PLAN IT IS IMPORTANT TO RECOGNIZE THAT THE REPUBLICAN MAJORITY'S FIVE-YEAR PLAN, WHICH WE COMPLETED LAST YEAR, BUILT AN EXCELLENT FOUNDATION FOR ALASKA'S LONG TERM FINANCIAL HEALTH.

(SLIDE 3)

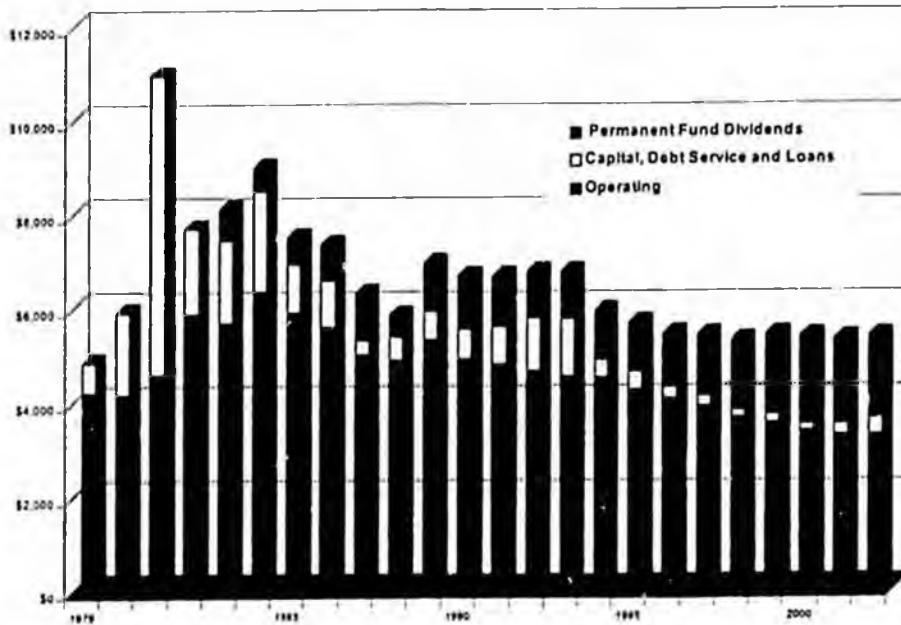
State General Fund Per Capita Spending Is Going Down

- Per capita state general fund spending is currently about \$3800 per Alaskan. For state services, in today's dollars, that is \$921 less than in FY79 when the oil era began. Combined operating and capital general fund spending is \$1,186 less.
- However, when Permanent Fund dividends are added to general fund spending, the total is \$534 more per capita than FY79.

IN DEALING WITH THE FISCAL GAP, THE KEY IS GENERAL FUND SPENDING VERSUS REVENUE. TODAY REAL PER CAPITA SPENDING OF STATE GENERAL FUNDS IS SIGNIFICANTLY LESS THAN 1979.

(SLIDE 4)

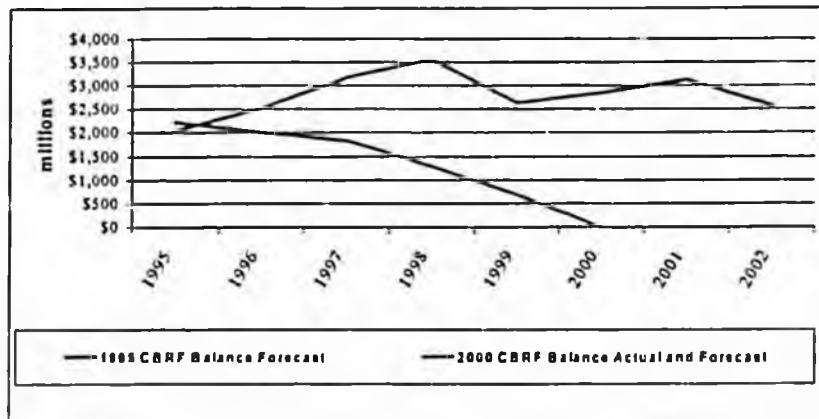
Real Per Capita General Fund and PFD Spending FY1979 - FY2002



UNDER THAT PLAN THE PERMANENT FUND WAS PROTECTED AND INCREASED BY \$5 BILLION TO OVER \$25 BILLION IN JUNE. CURRENTLY \$23.5 BILLION. 61% OF THAT INCREASE WAS BY DISCRETIONARY LEGISLATIVE ACTION.

(SLIDE 5)

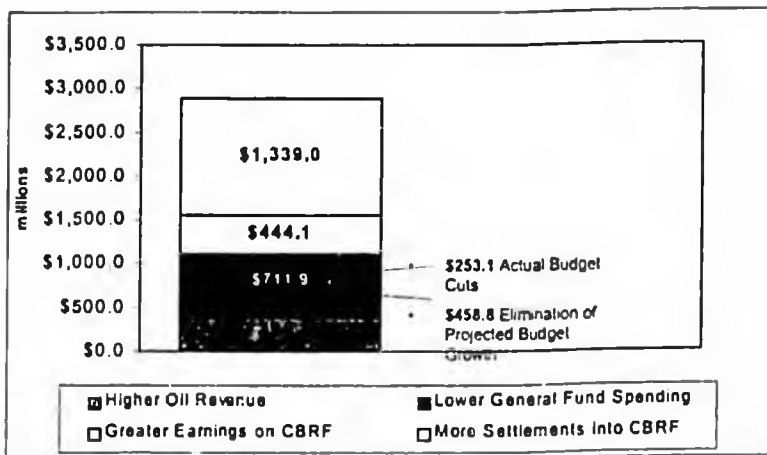
CBRF: The View from Here



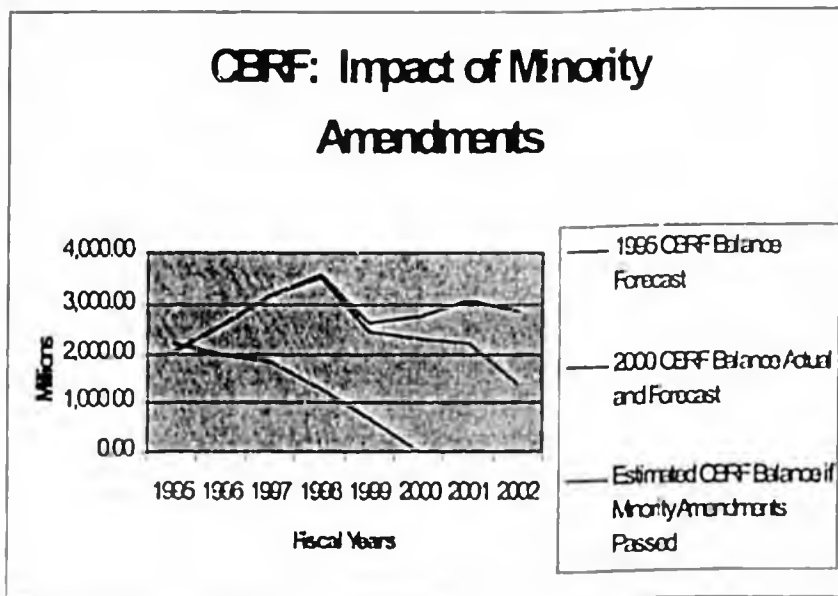
A VERY SURPRISING FACT TO MOST ALASKANS IS THAT OVER THE PAST FIVE YEARS, THE CONSTITUTIONAL BUDGET RESERVE, INCLUDING THE PCE ENDOWMENT, ACTUALLY INCREASED TO OVER \$3 BILLION IN JUNE.

(SLIDE 6)

Why We Had More in the CBRF in FY 2000 than We Forecast in 1995



(SLIDE 7)



WE HELD THE LINE AGAINST MORE THAN \$800 MILLION OF GOVERNOR KNOWLES' PROPOSED SPENDING INCREASES AND ACTUALLY REDUCED GENERAL FUND SPENDING.

WE IMPLEMENTED SUCCESSFUL MAJOR GOVERNMENT REFORMS INCLUDING:

- EDUCATION FUNDING REFORM
- WELFARE REFORM
- WE REDUCED STATE BUREAUCRACY AND MERGED STATE DEPARTMENTS
- REFORMED POWER COST EQUALIZATION
- UNDERGROUND STORAGE TANK FUNDING REFORM
- RELIEVED CORRECTIONS OVERCROWDING
- INCREASED FUNDING FOR THE UNIVERSITY OF ALASKA AND VOCATIONAL TRAINING

WE ALSO INITIATED RESULTS-BASED BUDGETING, AND WE INCREASED NON-OIL REVENUE.

(SLIDE 8)

Senate Majority Plan

- Protect the Permanent Fund
- Exercise budget discipline by holding any total state spending increases to below inflation and population increases
- Use results-based budgeting with Missions & Measures to continue our progress for a smaller, smarter state government
- Make constitutional and statutory systemic changes to reduce the fiscal gap as the first step in developing a new long-range fiscal plan

AS WE BUILD ON THIS TREMENDOUS PROGRESS AND WORK TOWARD A PUBLIC STATEWIDE CONSENSUS ON WHERE WE, AS ALASKANS, GO FROM HERE THE SENATE MAJORITY INTENDS TO CONTINUE TO:

1. PROTECT THE PERMANENT FUND.
2. EXERCISE BUDGET DISCIPLINE BY HOLDING ANY TOTAL STATE SPENDING INCREASES TO BELOW INFLATION AND POPULATION INCREASES.
3. USE RESULTS-BASED BUDGETING WITH MISSIONS & MEASURES TO CONTINUE OUR PROGRESS FOR A SMARTER, SMALLER, SMARTER STATE GOVERNMENT.

4. MAKE CONSTITUTIONAL AND STATUTORY SYSTEMIC CHANGES TO REDUCE THE FISCAL GAP AS THE FIRST STEP IN DEVELOPING A NEW LONG-RANGE FISCAL PLAN.

AFTER FIVE YEARS OF ACTUAL REDUCTIONS IN GENERAL FUND SPENDING, THIS YEARS' BUDGET INCREASED GENERAL FUND SPENDING. BUT IT IS STILL ALMOST \$60 MILLION BELOW THE GOVERNOR'S REQUESTS AND \$7 MILLION BELOW LAST YEARS' LEVELS WHEN ADJUSTED FOR POPULATION AND INFLATION.

IF NOT FOR A MAJOR DECREASE IN ONE TIME FUNDS, INCREASED MEDICARE/MEDICAID COSTS, AND MAJOR INCREASES TO K-12 EDUCATION, THE UNIVERSITY OF ALASKA AND PUBLIC SAFETY, GENERAL FUND SPENDING WOULD HAVE GONE DOWN AGAIN THIS YEAR.

ADDITIONAL STATE REVENUE WILL BE A NEEDED ELEMENT IN A NEW LONG-RANGE FISCAL PLAN, BUT THE FIRST STEP IN SUCH A PLAN SHOULD BE CONTINUED GOVERNMENT REFORMS TO CREATE A MORE EFFICIENT AND FAIRER STATE GOVERNMENT. ONLY AFTER SUCH NEEDED REFORMS SHOULD ALASKANS BE ASKED TO CONSIDER ANY MAJOR NEW TAXES.

SO WHY DOES ALASKA CONTINUE TO SPEND MORE PER CAPITA THAN OTHER STATES?

(SLIDE 9)

Per Capita Spending

Why does the Alaska spend more per capita than other states?

Obvious reasons include:

- Harsh climate
- Scattered communities
- Few economies of scale
- High transportation costs
- High cost of living

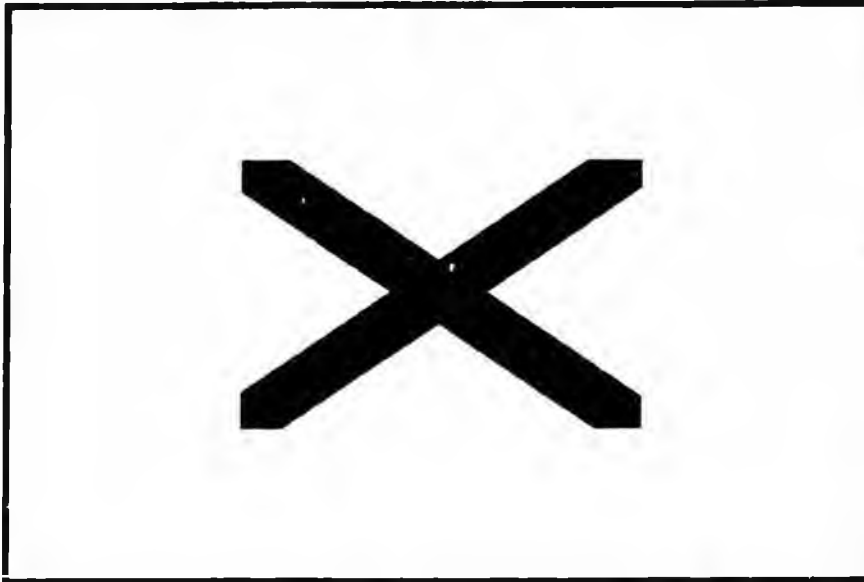
(SLIDE 10)

Why does Alaska spend more per capita than other states?

- Other reasons may not be so obvious:
 - provides services normally provided by counties or local governments-police, courts, jails, education, etc.
 - Is responsible for managing vast resources.
 - has an infrastructure that is not as developed, due to the short time span since statehood.
 - has programs that other states don't--Permanent Fund dividends, Longevity Bonus, Pioneer Homes, Power Cost Equalization, etc.
- Compared to other states the State of Alaska:

(SLIDE 11)

**State of Alaska Budget General Fund and Permanent Fund
Spending**



**THE SENATE REPUBLICANS BELIEVE THAT BEFORE CONSIDERING MAJOR
NEW TAXES ON ALASKANS, GOVERNMENT SHOULD FIRST BE AS WELL RUN
AS POSSIBLE.**

TO HELP DEVELOP PROPOSALS TO CONTINUE OUR SUCCESSFUL EFFORTS
TOWARD A SMALLER SMARTER STATE GOVERNMENT, EARLIER THIS YEAR I
WROTE THE COMMISSIONER OF EVERY STATE DEPARTMENT AND ASKED IF
THEY HAD ANY IDEA FOR LEGISLATION TO HELP IMPROVE STATE
GOVERNMENT EFFICIENCY AND REDUCE THE STATE'S FISCAL GAP.

NOT ONE MADE A SINGLE SUGGESTION OR REQUEST FOR SUCH LEGISLATION. I
REPEAT, GOVERNOR KNOWLES COMMISSIONERS DID NOT HAVE A SINGLE

SUGGESTION FOR NEW STATUTORY CHANGES TO HELP REDUCE THE FISCAL GAP.

(SLIDE 12)

Senate Finance Long-Range Fiscal Plan: The First Steps

- 1) Maintain budget discipline by holding any General Fund spending increases to below increases in population and inflation
- 2) Continue to utilize outcome based budgeting to increase government efficiency
- 3) Fix the Constitution by passing SJR 23 and SJR 24
- 4) Adopt fiscal gap reducing legislation

EVEN SO, THE SENATE FINANCE COMMITTEE DEVELOPED A PACKAGE OF FISCAL REFORM LEGISLATION THAT CONTINUES THE REPUBLICAN MAJORITY'S COMMITMENT TO FISCAL RESPONSIBILITY AND GOVERNMENT REFORM BEFORE NEW TAXES.

THIS PACKAGE PRESENTS THE FIRST STEP OF A NEW LONG-RANGE FISCAL PLAN THAT HAS THE POTENTIAL OF REDUCING THE FISCAL GAP BY OVER \$12 ½ MILLION A YEAR AT FIRST WITH REDUCTIONS INCREASING TO OVER \$100

MILLION A YEAR WITHIN 10 YEARS. THAT IS A VERY CONSERVATIVE ESTIMATE NOT INCLUDING THE CUMULATIVE IMPACT OF THESE SAVINGS.

WE DO NOT CONTEND THAT THIS IS A COMPREHENSIVE LONG-RANGE FISCAL PLAN, BUT WE DO SAY IT HAS THE ESSENTIAL FIRST INGREDIENTS THAT ANY NEW LONG-RANGE FISCAL PLAN MUST HAVE TO BE SUCCESSFUL.

THE BASIS OF GOVERNMENT IN AMERICA IS OUR CONSTITUTIONS. WHEN WE START TO CREATE A NEW FINANCIAL PLAN WE NEED TO LOOK AND MAKE SURE THAT OUR STATE CONSTITUTION IS FUNCTIONING PROPERLY.

IT'S CLEAR THAT THERE ARE TWO PARTS OF OUR STATE CONSTITUTION THAT DEAL WITH FISCAL POLICY THAT ARE NOT FUNCTIONING PROPERLY. THEY ARE THE EXISTING CONSTITUTIONAL APPROPRIATION LIMIT AND THE EXISTING CONSTITUTIONAL BUDGET RESERVE PROVISION.

(SLIDE 13)

SJR 23

Reforming the Constitutional Spending Limit

- The current constitutional appropriation limit is not working
- The language is misleading
- The language is unclear
- The limit has grown too large

ONE THING WAS CLEAR FROM THE OVERWHELMING REJECTION IN SEPTEMBER 1999 OF THE LAST FISCAL PLAN PROPOSAL. . . .

ALASKANS DO NOT WANT TO GIVE GOVERNMENT A BLANK CHECK.

THAT WAS ONE OF THE MAIN REASONS I STRONGLY OPPOSED THE SEPTEMBER 1999 PROPOSAL – BECAUSE IT LACKED CLEAR ENFORCEABLE FISCAL RESTRAINTS.

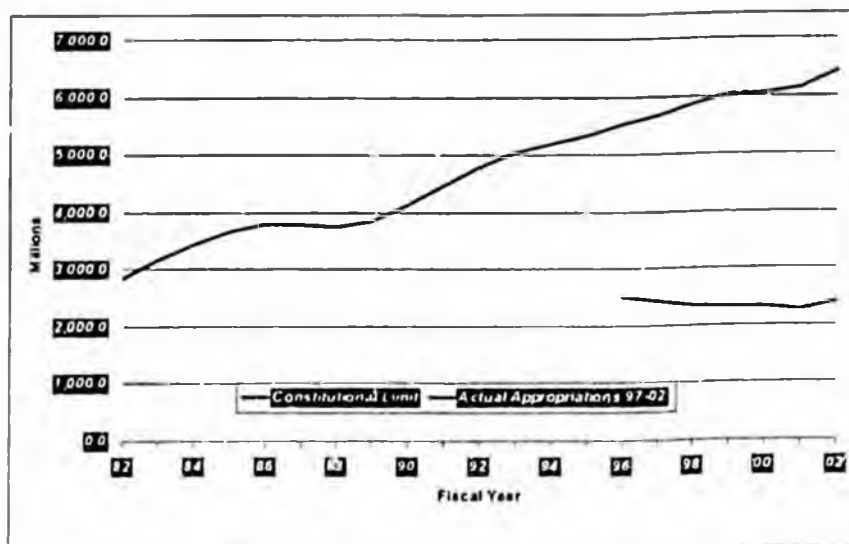
TO BE ACCEPTABLE TO THE MAJORITY OF ALASKANS, ANY NEW PLAN MUST START WITH REASONABLE LIMITS ON GOVERNMENT SPENDING.

THE FIRST STEP TO THE SENATE FINANCE COMMITTEE'S FISCAL PLAN IS EXACTLY THAT

TO LIMIT THE EXPANSION OF GOVERNMENT SPENDING THROUGH THE ADOPTION OF SENATE JOINT RESOLUTION 23 REVISING THE EXISTING CONSTITUTIONAL APPROPRIATION LIMIT.

TALK ABOUT SLIDE 13 (SLIDE 14)

The Current Spending Limit vs Recent Appropriations

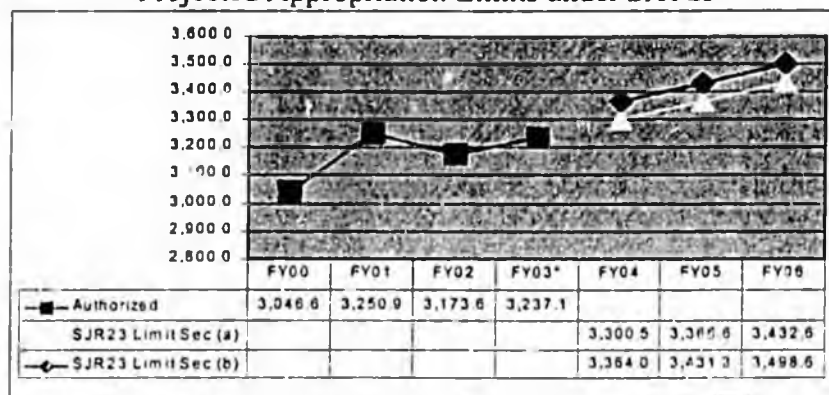


THE EXISTING CONSTITUTIONAL APPROPRIATION LIMIT WAS ADOPTED BY THE VOTERS IN 1982. THIS PROVISION CURRENTLY LIMITS GOVERNMENT SPENDING TO ABOUT \$6 BILLION; HOWEVER, WE ONLY CURRENTLY SPEND ABOUT \$3 BILLION. THE ENORMOUS SIZE OF THE CURRENT APPROPRIATION LIMIT OCCURRED BECAUSE THE CONSTITUTIONAL PROVISION HAS A BUILT-IN ESCALATOR CLAUSE FOR INFLATION AND POPULATION. TO CORRECT THIS, OUR MOST RECENT VERSION OF SJR 23 PROPOSES TO BASE ANY ALLOWABLE INCREASES ON PREVIOUS YEAR'S BUDGETS AND TO LIMIT THOSE INCREASES

TO ONLY 2 PERCENT. SJR 23 ALSO CLARIFIES WHAT IS AND IS NOT INCLUDED IN THE APPROPRIATION LIMIT.

(SLIDE 15)

Projected Appropriation Limits under SJR 23



*FY03 Authorized budget estimated at 2% increase over FY02.

Sec (a) allows for up to a 4% increase over the amount appropriated 2 years prior.
Sec (b) allows an additional 2% may be appropriated with a two-thirds vote of both houses.

Not included in SJR23 Limit: Permanent Fund dividends, G.O. & revenue bond proceeds, re-appropriations, duplicated funds, and funds from non-State sources.

All numbers taken from LFD Fiscal Summary & Summary of Appropriations.

IN REVISING THE EXISTING CONSTITUTIONAL APPROPRIATION LIMIT, WE ARE LEARNING FROM THE MISTAKES OF THE PAST. WE RECOGNIZE, HOWEVER, THAT CIRCUMSTANCES CHANGE. THAT'S WHY OUR MOST RECENT VERSION OF SJR 23 CONTAINS A SPECIAL PROVISION TO HAVE VOTERS REVIEW IT AGAIN IN 4 YEARS AND THEN EVERY 6 YEARS THEREAFTER. IF IT IS NOT FUNCTIONING CORRECTLY, IF PEOPLE WANT TO SPEND MORE THAN THE LIMIT ALLOWS, OR IF WE SOLVE THE FISCAL CRISIS, ALASKANS CAN VOTE IT OUT OF THE CONSTITUTION.