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STATE OF ALASKA

DEPARTMENT OF REVENUE

JAY S. HAMMOND, GOVERNOR

STATE OFFICE BUILDING

POUCH SA - JUNEAU 99811

February 8, 1978

The Honorable Charles Parr
Chairman
House Health, Education &
Social Services Committee
Alaska State Legislature
State Capitol Building - Room 112
Juneau, Alaska

Re: House Bill No. 689

Dear Mr. Parr:

House Bill No. 689, an Act relating to cigarette taxation, was introduced in the House on January 26, 1978 and was referred to the House Health, Education & Social Services Committee and the House Finance Committee.

For the consideration of the House Health, Education & Social Services Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Gary L. Jenkins, Director, Audit Division, Department of Revenue concerning the proposed legislation.

Very truly yours,



R. D. Stevenson
Special Assistant

cc: The Honorable Steve Cowper
Chairman
House Finance Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

Gary L. Jenkins, Director
Audit Division
Department of Revenue
Juneau, Alaska

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 689
 Title An Act relating to cigarette taxation
 Requested by Health, Education & Soc. Ser., & Finance Date 1/31/78

II. FISCAL DETAIL

Agency Affected _____ Revenue _____
 Program Category Affected Fiscal Services
 Budget Request Unit(s) Affected Audit Division

EXPENDITURES (Thousands of Dollars) None

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

FUNDING (Thousands of Dollars) None

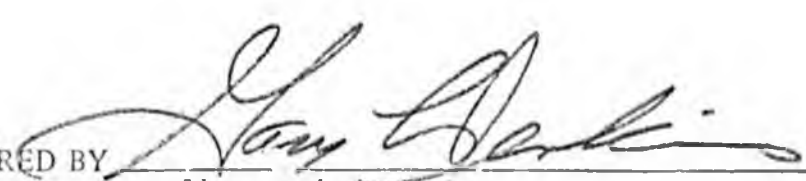
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

This bill would increase the total tax rate on cigarettes by 62-1/2 percent. The dollar increase in tax for FY 79 will be \$937,500, assuming the tax increase is in effect on July 1, 1978. There would be a similar increase in revenue in subsequent years.

IV. DATE January 31, 1978 PREPARED BY 
 AGENCY Audit Division
 Original: Legislative Finance PHONE 465-2320
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 27, 1978

SUBJECT: Cancer Research Institutes (W.O. #4684)
TO: The Honorable Bob Bradley
FROM: Sharman Haley
Research Analyst

It is difficult to determine which are the five top cancer research institutes as you requested, because there is no adequate criterion to rank them on. The National Cancer Institute funds, through grants and contracts, some 500 institutions engaging in cancer research or support activities. More than fifty of these institutions have been recognized by the NCI as having a record of high quality work and commitment, and are supported by NCI Cancer Center Support Grants. These centers are of three varieties: Comprehensive Cancer Centers engage in a broad scope of basic research, clinical research, patient treatment, and community outreach activities; Clinical Cancer Centers emphasize clinical research and patient treatment; and Non-Clinical Cancer Centers emphasize basic cancer research. In addition to the support grants for the core services, these institutions receive research grants for specific research projects.

There are 19 Comprehensive Cancer Centers around the country. Seven Comprehensive Cancer Centers received over \$7 million in NCI research grants in FY 1976. These seven centers are:

<u>Center</u>	<u>Total NCI Research Grants (thousands of dollars)</u>
Memorial Sloan-Kettering Cancer Center New York, New York	\$21,903
University of Texas System Cancer Center Houston, Texas	9,972
University of Wisconsin Clinical Cancer Center Madison, Wisconsin	8,787
Fox Chase and University of Pennsylvania Cancer Center Philadelphia, Pennsylvania	8,342
Roswell Park Memorial Institute Buffalo, New York	7,375

Yale University Comprehensive Cancer Center New Haven, Connecticut	7,229
Illinois Cancer Council Chicago, Illinois	7,149

All the institutions have sources of funding other than the National Cancer Institute, so this list is not necessarily the seven institutions with the most cancer research money. Nor can we gauge the quality or importance of the research by the amount of money granted to each institution. Nevertheless, these are the seven from which we requested background information. We have enclosed the information received so far. In addition, enclosed you will find information on the Fred Hutchinson Cancer Research Center in Seattle, Washington, and on the National Cancer Institute and its Cancer Centers Program.

If we can be of further assistance to you, please let us know.

SH:jm
Enclosures

POSITION PAPER

ON

HOUSE BILL NO. 688

"An Act making a special appropriation to the Department of Health and Social Services for the Hubert H. Humphrey memorial fund; and providing for an effective date."

The Department cites its comments on House Bill 689 and House Bill 694 regarding the Hubert H. Humphrey memorial fund.

The Department does not feel it is appropriate for it to address the policy question of the disposition of Alaska Permanent Fund monies.

Recommended by: Robert I. Fraser MD 10 Feb 78
Robert I. Fraser, M.D., Director Date
Division of Public Health

Approved by: Helen D. Beirne 2.22.78
Helen D. Beirne, Commissioner Date
Department of Health & Social Services

POSITION PAPER / Department of Health and Social Services

POSITION PAPER

ON

HOUSE BILL NO. 694

"An Act creating the Hubert H. Humphrey memorial fund; and providing for an effective date."

This Act would create a Hubert H. Humphrey memorial fund to support research into the causes and potential cures for cancer.

The Department of Health and Social Services endorses the altruistic motives outlined in this legislation. House Bill 694 proposes to provide funds for nationally recognized cancer research institutions. While any contributions toward cancer research would surely be helpful, the Department would like to emphasize the needs of cancer victims within Alaska itself which are presently not addressed adequately. Residents of Alaska afflicted with cancer frequently have major economic problems related to the disease, such as prolonged hospitalizations and the necessity of traveling at frequent intervals to cancer centers throughout the country. The Department respectfully suggests that the Legislature might consider establishing a memorial fund to be managed by the Catastrophic Illness Committee within the Department of Health and Social Services to assist patients from Alaska afflicted with cancer.

Recommended by: Robert L. Fraser 10 Feb 78
Robert L. Fraser, M.D., Director Date
Division of Public Health

Approved by: Helen D. Beirne 2/22/78
Helen D. Beirne, Commissioner Date
Department of Health & Social Services

HB

693

324A S. Willoughby
Juneau, Alaska 99801

January 30, 1978

Senator Glenn Hackney
Senate HESS Chairman
Alaska State Senate
Pouch V
Juneau, Alaska 99811

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copy

Dear Senator Hackney:

Thank you for courteously inviting me to testify before your committee today and thanks again for allowing me to appear.

As mentioned to you personally and before the committee, SB 415--and CS SB 415 as well--needs some improvement in its language to bring it into conformity with Ravin vs. State, Alaska 537 P. 2d 494.

In both proposed bills it is Section 1. (d) 4 which runs contrary to that Alaska Supreme Court decision. The Court found that Alaska's constitutional right to privacy (Alaska Constitution, Article I, SS 22) "would encompass the possession and ingestion of substances such as marijuana in a purely personal non-commercial context in the home" and the concurring opinion of two of the five justices would extend the right of privacy beyond the home. Section 1 (d) 4 is in immediate violation of that decision when it attempts to regulate marijuana "in other than a public place, when (his) possession or control is for (his) own use."

It may be argued that the Court in several places mentions that the right to privacy applies to adults in their homes and that Section 1 (d) 4, by referring to juveniles, is not in consonant with the Ravin decision. Such an argument would be incorrect, for the Court had before it an adult and had no need to speak to the juvenile issue. As the Constitutional provision upon which the Court's reasoning is drawn says "The right of the people to privacy is recognized and shall not be infringed"(emphasis added), rather than saying "the rights of adults to privacy", the Court's reasoning will clearly be applied to juveniles as well. Because the language of 1(d)4 includes the use of marijuana in the home, it will not, on the face of it, stand the test of the Court and it is to no good purpose for the Committee to pass it in its present form.

Insofar as Alaska may have a special interest in regulating the use of marijuana by juveniles, you may not find it wholly inappropriate to consider how other states which have

"decriminalized" marijuana have dealt with the juvenile issue, bearing in mind that few of these other states have a Constitutional privacy provision similar to Alaska's, so that Alaska may indeed be in a unique position.

Section 1 (d) 4 is also open to question as regards the conformity of its penalties with those of Title 4, for minor consuming of alcohol. By its past action, the Legislature seems to have indicated that marijuana consumption by juveniles is a less serious offense than alcohol consumption by juveniles. The Committee--and perhaps the Legislature--may now wish to reverse its assessment and I do not presume to tell the Legislature what to wish for. Still, these two actions seem roughly similar to me and similar penalties do not seem inappropriate.

While I had at first recommended that the penalties for minor consuming of marijuana be raised to those of alcohol, consumption by minors, two considerations prompt me now to suggest that the equality of punishment be achieved by reducing minor consuming of alcohol to that of minor consuming of marijuana.

First, Senator Bradley's hints, near the end of my testimony, are persuasive: a year in jail and/or \$500 seems excessive and, more importantly, unacceptable to the Legislature and the Alaskan people. (I take this hint from Senator Bradley's tone of voice, rather than from his specific words.)

Secondly, it seems that juveniles received special consideration by the State under the theory that their minds are not yet fully formed and that they are not wholly responsible for their actions before majority. Consumption of alcohol (or marijuana) by a minor ought therefore to be a lesser offense--and receive a lesser punishment--than sale by an adult to a minor, for the adult is presumed knowing and the minor is presumed not (assuming consumption of either alcohol or marijuana by juveniles is at all considered an offense). Since the sale of alcohol to a minor is punishable by a maximum of a year in jail and/or \$500, it is clear that minor consuming of alcohol (and of marijuana) ought to be less than that.

You have received testimony that a \$10 parking ticket was sufficient to dissuade a teenager from parking illegally. You have also heard testimony from Commissioner Burton that no civil prosecutions have been conducted under the current statute. Why does not the Commissioner, or other police officer, come forth and ask you to enact a law which will allow minor consuming of alcohol or marijuana to be ticketed in precisely the same manner as a traffic ticket? Since juveniles are to be protected and guided by the state, setting a maximum penalty of \$25 will allow sufficient monetary incentive to violators to change their habits while--particularly if this offense is called a "traffic ticket"--not disqualifying juveniles from later employment with companies or agencies which exclude from consideration of legal offenses by

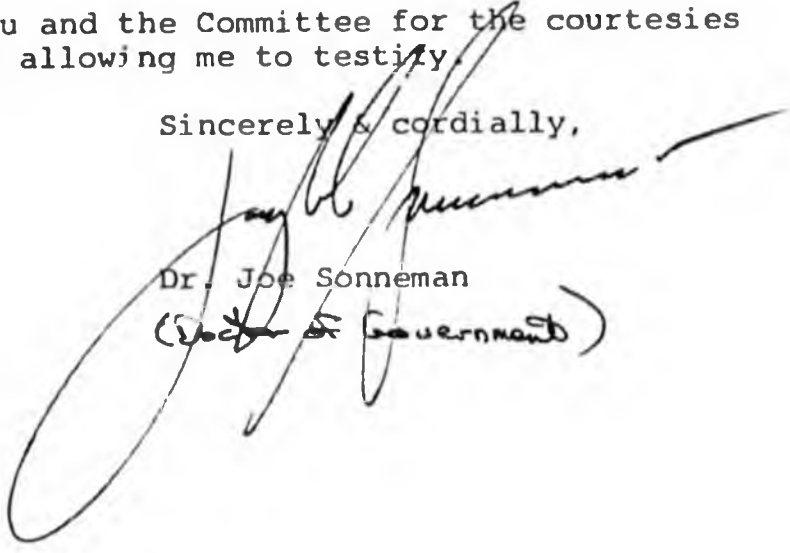
* in public or while operating motor- or wind-powered vehicles

prospective employees "traffic tickets of \$25 or less." That such a use of language--that the juvenile had "trafficked" in alcohol or marijuana--should have to be resorted to is a fine point, yet it may accomplish your committee purpose, and that of the sponsor, my good friend, Senator Ray, while still being capable of passage by the entire Legislature. It would be unfortunate to see a friend fall into such error should the Committee attempt to pass the current bill.

I would like to add here that this letter and my testimony before your committee represent my views alone and are not necessarily those of the Juneau Democratic Committee, whose Vice-Chairman I remain.

Again, thank you and the Committee for the courtesies you have extended to me in allowing me to testify.

Sincerely & cordially,



Dr. Joe Sonneman

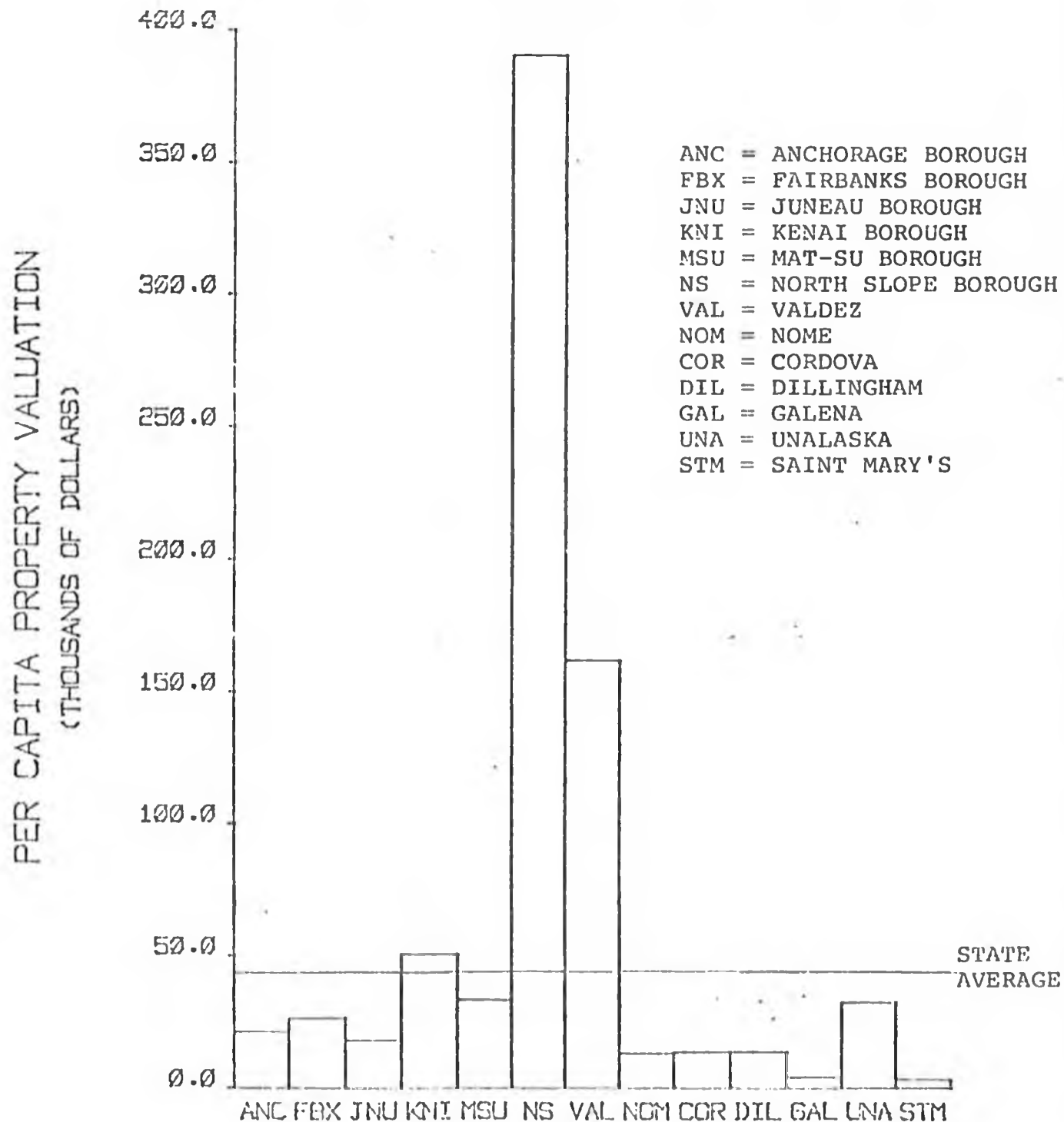
(~~Doctor of Government~~)

cc: House HESS
Senator Ray
Commissioner Burton
Senator Bradley
House Judiciary
Senate Judiciary

HB

700

PER CAPITA PROPERTY VALUATION 1977



prepared by
Legislative Affairs
Agency
see attached memorandum

LOCAL GOVERNMENT

 DESCENDING POPULATION

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB-700
 Title An Act relating to state aid for school construction
 Requested by The Finance Committee Date January 21, 1978

II. FISCAL DETAIL

Agency Affected Education
 Program Category Affected Education
 Budget Request Unit(s) Affected Financial Support

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		-0-	-0-	-0-	-0-	-0-
TOTAL		-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS		-0-	-0-	-0-	-0-	-0-
OTHER (Specify)		-0-	-0-	-0-	-0-	-0-

POSITIONS

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

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

Assumptions: The Department of Education's budget documents and computations are currently based upon 50% debt retirement, as required by law.

Cash payments through July 1, 1977, will be prorated over a twenty year (20) period.

IV. DATE January 31, 1978 PREPARED BY Nathaniel Cole, Deputy Commissioner
 AGENCY Department of Education
 PHONE 465-2800
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

HB

706

FEB 21 1978

Mr. Clayton D. Rew
P.O. Box 442
Juneau, Alaska

TO: Hugh Malone
Mike Miller
Mike Colletta
John Radar
Bill Ray
James Duncan

HOUSE BILL 706 - Re-instates the "Crime" of public drunkenness.

This bill is a giant step backwards in the treatment of Alaska's No. 1 health and social problem. The bill is designed as a convenience tool for the police and will cost the citizens of the State, through the Division of Corrections, an estimated \$50 to \$60 a day per arrest. Also, this bill if enacted, will perpetuate stigma attached to the disease of alcoholism. The only redeeming feature of this bill is that it does provide a mechanism whereby the alcoholic can be sheltered in jails, provided there is room. There is nothing in the bill that will affect the primary problem which public drunkenness is one symptom.

In my opinion, a better approach for the Legislature to take would be to create facilities, properly equipped and staffed, where the root causes of the disease can be treated. Changes in the present law should be passed to allow involuntary commitment to long-term treatment programs for chronic alcoholics who abuse short term services. Funds should be provided to build community based facilities where quality treatment can be provided in the same quiet, dignified surroundings as other sick people. Funds must be provided to provide quality education to children in public schools, grades kindergarden through twelve. Courses should be ongoing attendance required. Obviously, you have been and are going to continue to receive strong pressures

from industry to stop any proposal that draws attention to the dangers involved in the use of beverage alcohol. You will be urged to "bury" any such legislation as has been done with SB 370. We who are concerned about this problem expect it. We have not the wealth to compete with industry lobbyist. I can only state that I have no desire to put the industry out of business. I want to see, if possible, that future generations drink responsibly and that casualties from irresponsible drink have a decent chance to recover.



Mr. Clayton D. Rew
P.O. Box 442
Juneau, Alaska 99802

HB

713

HOUSE BILL NO. 713

"An Act providing for the issuance of general obligation bonds in the amount of \$6,200,000 for the purpose of paying the cost of capital improvements for health facilities; and providing for an effective date."

An analysis of the capital improvement projects proposed to be financed through the proceeds of the bonds follows:

(1) Sitka Community Hospital (Sitka) . . . \$5,600,000:

On November 22 and 23, 1977, an evaluation review was made of the Sitka Community Hospital. This evaluation was based on the requirements of current building codes, life safety, and hospital standards and regulations as adopted by the State of Alaska.

This facility is basically a one story building plus a partial basement. Construction of the upper story is wood frame nominally protected to a one-hour rating and sprinklered throughout.

The Sitka Community Hospital building was built in 1956 and rates non-conforming and inadequate by current standards of construction and medical care facility regulations.

The Sitka facility has the following physical deficiencies:

1. The hospital site, although adequate for the present facility, does not have adequate space for expansion for future needs.
2. Corridors are blocked by excessive movable equipment due to lack of adequate storage space.
3. Fire exits are inadequate to meet life safety requirements.
4. The building has no smoke barrier partition or smoke detection system required by code.
5. Hazardous areas are not adequately separated from patient care areas.
6. Patient rooms are minimum in area and do not have adequate clearances for proper patient care.
7. Toilet and bathing facilities are inadequate as are sufficient handwashing facilities for both patients and staff.
8. Provisions for the care of handicapped and critically ill patients are lacking. Space for maneuvering of stretchers and wheelchairs is lacking or inadequate.
9. The nursing station does not have adequate space, equipment or location for good patient care and control.
10. The administration department, including admitting and accounting, has

inadequate space and equipment to handle its responsibilities. Medical records has little space for dictating, transcribing or storage.

11. The nursery for new-borns is inadequate and has no separate work station as required.

12. The new-born delivery area is much too small and has no controlled access or adjoining labor room.

13. The operating suite is not adequate in space or equipment and does not have controlled access as required.

14. The emergency department is also inadequate and the lack of built-in systems requires reliance on portable units. This requires much additional space and results in clutter.

15. There is no central sterilizing and supply department for the hospital. Clean supply processing and sterilizing is accomplished along side of soiled holding and clean-up procedures. This may result in inadequate infection control and cross-contamination between clean and soiled medical articles.

16. The radiology department is inadequate in size and equipment. Installation of modern equipment is precluded by space and low ceiling height.

17. The hospital has virtually no ventilation system. Only one small unit serves the entire patient area including the operating room. Space is not available to install new equipment or ductwork.

18. The heating system operates on low pressure steam and only one boiler is functional. An additional new boiler is urgently needed to maintain adequate stand-by capability. No adequate temperature control is available in patient areas. The incinerator should also be replaced.

19. The electrical system is loaded to capacity and has no expansion capability. Ground fault detectors and isolated circuits are not available as required. Lighting of all areas is generally inadequate.

20. The hospital has no built-in oxygen or vacuum systems so that portable units must be used and kept available.

21. Adequate storage is not available close to the point of need for medical supplies and equipment. Most of the required storage is located in a separate building on the site which was intended to house an ambulance. The maintenance shop and emergency generator is inadequate.

22. The laundry is located in the basement and does not have adequate separation of soiled and clean linens. No ventilation system is provided. The linen chutes are not fire protected and separated from the exit corridor as required. An elevator is not available for transportation of supplies and equipment.

In view of the stated deficiencies the existing hospital is a poor base for a long term investment. The best option in terms of achieving the best possible functional relationships and maintaining uninterrupted service is complete replacement of the hospital. Replacement would be a much better long-term investment than major expenditures on the existing building.

- (2) Harborview Hospital Fire Prevention System (Valdez) . . . \$305,000:
- (3) Alaska Psychiatric Institute Fire Prevention System (Anchorage) \$205,100:

The planned improvement at each of the above facilities is a fire prevention and control system which is required by the Alaska Fire, Life, Safety Code (State Fire Marshal).

For several years each report of the Fire Marshal's inspection of Harborview Developmental Center and the Alaska Psychiatric Institute has pointed out the need for a fire control sprinkler system at each facility. The more recent reports have required such an installation as a condition of continued use and subsequently granted a waiver until funding could be provided but not later than Fiscal Year 1979. Estimates of the cost for the installation of each system were provided by the State Department of Transportation, Division of Design and General Construction. These cost figures are the amounts provided in House Bill 713.

The Department recommends passage of House Bill 713.

Recommended by: D. Sharon Osborne
 D. Sharon Osborne, Coordinator
 Office of Planning & Research

3/2/78
 Date

Jerry L. Schrader
 Jerry L. Schrader, M.D., Director
 Division of Mental Health &
 Developmental Disabilities

3/1/78
 Date

Approved by: Helen D. Beirne
 Helen D. Beirne, Commissioner
 Dept. of Health & Social Services

3/6/78
 Date

Sitka Community Hospital

YOUR HOSPITAL

SERVING THE PEOPLE OF THIS COMMUNITY

24 HOURS A DAY

365 DAYS A YEAR

Sitka Community Hospital Board, Medical Staff, and Hospital Staff are dedicated to provide for the people of Sitka and surrounding communities the widest range of care and the highest quality of care possible. Our aim is to provide this care with the highest degree of professional skill and with a sincere regard for the personal feelings of the patient. This care is given to all patients without regard to race, creed, or financial status.

Dealing with the high costs of inflation and government regulations and documentation has in recent years placed a severe strain on the hospital in maintaining and improving quality of care while struggling to keep the cost of this care at the lowest level possible.

The following information we feel will be helpful to the public to show how health care is improving and how your hospital serves you in this community.

STAFF

Five full-time physicians and 14 consultants provide a full range of medical services. Referrals to the hospital are made from smaller communities in southeast Alaska and this hospital in turn maintains an excellent relationship with major hospitals in Seattle for the referral of major cases requiring the facilities of larger medical centers.

Eleven registered nurses, 5 licensed practical nurses and 21 other full-time and 11 part-time hospital personnel provided care to over 900 patients last year for a total of over 4,000 patient days. During the year we had a total of 84 births and our Laboratory and X-Ray departments provided care for 5,992 and 7,483 patients respectively.

HOSPITAL FACILITIES

The hospital has a total of 24 beds plus 4 bassinets in the newborn nursery. The hospital is also equipped with an Intensive Care Unit with sophisticated Cardiac Monitors, Pacemakers, and Defibrillators. The hospital building, built in 1956, has serious deficiencies and can no longer meet the state licensing standards for acute care hospitals or the

standards required by the Joint Commission on Accreditation of Hospitals.

Notwithstanding these deficiencies the staff has maintained an excellent standard of care, but it is evident that it will be necessary to build a new hospital in the very near future to enable the staff to continue to improve the quality and range of care necessary in this community, and to maintain our state license. The structural deficiencies make it uneconomical to consider renovating the existing building and it is hoped that a state bond issue of \$5.6 million will be approved this year for a new hospital.

SPECIAL EQUIPMENT

The following is some of the sophisticated equipment that your community hospital has available to improve the quality of care our staff can provide for you:

Cardiac monitors, pacemakers, defibrillators, isolette, respirators, EKG machines and a radio-page system to provide immediate contact with physicians and key hospital staff when off duty.

We have recently purchased an auto analyser for our laboratory at a cost of \$17,000. This equipment will allow our technicians to do tests here automatically that previously had to be done manually or sent to a major laboratory center in California. It usually took 2 weeks to get the results of these tests from California. Now the physician can have the results within 24 hours thereby helping him to confirm his diagnosis and immediately commence appropriate treatment with better results to the patient.

This analyser, the first of its type available for small hospitals, allows the technicians to do 17 tests automatically in a fraction of the time it would take to do these tests manually, and at a fraction of the cost. This allows your physician to order a full screening profile when appropriate at the same cost to the patient that one or two tests would cost by manual methods. A screening profile will also in some cases give an indication of some medical

problems that would not otherwise be indicated by normal routine tests thereby providing a much improved quality of care for our patients.

This is an example of a piece of equipment that provides better care at a lower cost. Usually in hospitals new or improved equipment adds to patient costs because of the high cost of the equipment plus the new skills or special staff required to operate the equipment. But improvements in diagnosis and in a patient's health is difficult to measure in dollars.

OUR HEALTH DELIVERY SYSTEM

This country without question provides the highest quality of care in the world while providing patients with free choice of physician and hospital. It is our goal to ensure that this care is readily accessible and available to all persons in need of care. All our efforts will be devoted to keeping the cost of this care as low as possible while maintaining the qualified staff and sophisticated equipment necessary to ensure that our standard of care is always improving in keeping with the advances in medical science and the availability of sophisticated diagnostic and life-saving equipment. Here are some important facts regarding our health delivery system:

- In the past 5 years the death rate has been reduced by nearly 5%.
- Medical care previously only available at major medical centers is now available in many small modern well equipped hospitals. For example, Intensive Care, unheard of a few decades ago, is now available in over 60% of our hospitals.
- Length of stay in hospitals, particularly for major surgery has decreased dramatically, with better results for the patient - and at a lower cost per patient stay.
- In 1940 more than half of America's heart attack victims did not recover. Today over 85% recover.

- In 1950 survival from the first kidney transplants was "zero". Today it is 80%.
- Life expectancy has increased 10 years since 1940.
- It is estimated that Intensive Care Units save 100,000 lives a year.

HEALTH CARE COSTS

It is estimated that the per capita hospital costs in America now average 70¢ a day. This is a small price to pay to maintain your health, but it is still higher than many people can afford, and is increasing rapidly every year due to the overall rate of inflation in this country. Hospitals, however face an inflation rate of nearly double the general rate of inflation due to the necessity to purchase new drugs, new and better medical and surgical supplies and expensive, sophisticated equipment.

These costs are necessary if a hospital is to take advantage of the advances in medical science and techniques that are developed which reduce the length of hospital stay, save lives, and in the end reduce the health care costs to the nation by keeping people healthy and more productive. Hospitals can easily reduce costs but it would be impossible at the same time to maintain the rapid improvement in the quality of care provided.

In this hospital the city, the hospital board, and the staff are dedicated to continue to improve the range and quality of health care, but we are using every method possible to control the affect of the serious inflation that we have faced in the past few years. Many innovative programs are being implemented, and others planned which will reduce the accounting, clerical and other costs which do not contribute to patient care. Many of these programs will require the approval of federal and state agencies but we expect to get full cooperation to ensure that not one unnecessary procedure is performed or one dollar spent that does not contribute directly to the overall care provided to our patients.

The American Hospital Association has estimated that 8 federal regulations alone add \$22 to every patient's bill. Last year the Department of Health, Education & Welfare issued almost 600 new or proposed health related regulations. We will exert all our efforts to reduce this waste.

COST PER PATIENT DAY

Hospitals have been under pressure from government agencies to reduce costs - while at the same time these agencies are adding to the costs. But we have not kept the public fully informed of how their health dollar is spent. Spiralling costs have placed hospitals on the defensive and, therefore, the so called "Room Rate" has not been increased to cover the cost of the services provided. This has resulted in hospitals sustaining serious losses and/or resorting to undesirable markups on chargeable items such as drugs and medical and surgical supplies. The enclosed chart, therefore, is provided to show what the average cost per patient day is in our hospital at the present time. The charge normally referred to as the "Room Rate" will in future be designated the "Basic Charge". As you will see in the enclosed chart this basic charge includes 24 hours of skilled nursing care, which requires 3 nursing shifts per day, 7 days a week, plus food, special diets, admitting, accounting and medical records services and a mass of statistical data required by numerous government agencies.

THE FUTURE

With continued inservice education and postgraduate courses and seminars our staff will be trained to use new and sophisticated equipment as it becomes available and be able to apply new techniques to continue to improve the range and quality of care we provide to you, the patient - the most important person in our hospital.

Immediate life preserving skills and equipment must be available here when time does not permit the transfer of patients to distant medical centers. Our staff is ready and able to do their share and we will do everything in

SITKA COMMUNITY HOSPITAL
Breakdown of Costs
First Six Months of Fiscal Year 1977-1978

Department			Total	Cost Per Patient Day	Percentage of total cost
Inpatient Nursing Care	Salaries		\$142,125	\$ 71.03	23.4%
Other Nursing Care	Salaries		11,496	5.75	1.9%
Surgery	Salaries	27,007			
	<u>Supplies</u>	<u>6,563</u>	33,570	16.78	5.5%
Anesthesiology	Salaries	13,565			
	<u>Supplies</u>	<u>4,987</u>	18,552	9.27	3.1%
Med.Surg. Supplies			11,526	5.76	1.9%
Pharmacy			10,757	5.38	1.8%
Central Serv./Supp.	Salaries	7,462			
	<u>Supplies</u>	<u>1,949</u>	9,411	4.70	1.6%
Laboratory	Salaries	30,029			
	<u>Supplies</u>	<u>20,240</u>	50,269	25.12	8.3%
X-Ray	Salaries	25,297			
	<u>Supplies</u>	<u>4,864</u>	30,161	15.07	5.0%
Medical Records	Salaries	9,646			
	<u>Supplies</u>	<u>2,844</u>	12,490	6.24	2.1%
Dietary	Salaries	26,417			
	Food	10,764			
	<u>Supplies</u>	<u>3,039</u>	40,220	20.10	6.6%
Plant & Grounds	Salaries	12,290			
	<u>Supplies</u>	<u>4,626</u>	16,916	8.45	2.8%
Housekeeping (OR,OB,ER,etc.)	Salaries	11,936			
	<u>Supplies</u>	<u>1,828</u>	13,764	6.88	2.3%
Laundry & Linens (OR,OB,ER,etc.)	Salaries	2,190			
	<u>Supplies</u>	<u>584</u>	2,774	1.39	0.5%
Admin., Admitting, Billing, Accounting	Salaries	46,721			
	<u>Supplies</u>	<u>5,242</u>	51,963	25.97	8.6%
Data Processing			7,017	3.51	1.2%
Telephone			2,816	1.41	0.5%
Collection Fees			2,082	1.04	0.3%
Auditing Fees			2,000	1.00	0.3%
Payroll Taxes & Employee benefits			66,774	33.37	11.0%
Insurance (Malpractice & Hazard)			16,320	8.16	2.7%
Printing and Stationery Supplies			7,410	3.70	1.2%
Utilities, Surgery, OB,ER.			7,457	3.73	1.2%
Bad Debts			7,500	3.75	1.2%
Room (Includes Utilities, Laundry & Linens, Housekeeping, Maintenance)	Salaries	16,542			
	<u>Other</u>	<u>14,445</u>	30,987	15.49	5.0%
TOTALS			\$ 606,357	\$ 303.05	100 %

Sitka Health Association

P. O. Box 517, SITKA, ALASKA 99835

April 30, 1978

Rep. Charlie Parr, Chairman
Health, Education, and Social Services Committee
Alaska State Legislature
Juneau, Alaska 99801

Dear Representative Parr:

The Sitka Health Association is a body of volunteer citizens which concerns itself with planning for ways to meet the health and medical needs of Sitka residents. We are recognized by the Sitka Assembly as their health planning organization and we are Sitka's liaison with the South East Alaska Health Systems Agency.

We feel that Sitka needs a new community hospital facility as the present one does not meet minimum standards for the federal Medicaid/Medicare programs and cannot get State accreditation because of the wooden frame. These standards and accreditation requirements were enacted to provide for patient safety. Alex McAllister, hospital director, and Ed Flynn, chairman of the Hospital Board, are in Juneau at this time and can be more specific about this. If we don't get a new hospital, the present one will have to eventually close if the federal government decides not to renew the waivers which are currently granted. This would lead to all Sitka residents who are not PHS beneficiaries leaving their community for hospital care. We believe hospitals belong under local control and that it would not be appropriate for us to request PHS to change their policies so that non-beneficiaries could be admitted. We hope the State of Alaska will help us keep our hospital under this local control.

We feel badly that there was a communication problem and we did not indicate our concerns prior to your consideration of this matter last week. We hope this will not affect your appreciation of our plight and that you will reconsider the matter.

Thank you.

Sincerely,



Nancy Eliason, President

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 78-121

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF SITKA URGING THE ALASKA LEGISLATURE TO AUTHORIZE A STATE BOND ELECTION TO PROVIDE FUNDS FOR A NEW SITKA HOSPITAL.

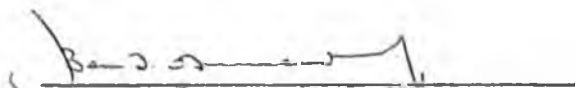
WHEREAS, the present Sitka Community Hospital is over twenty years old and in urgent need of major repairs to the heating and other systems; and

WHEREAS, Sitka is a rapidly growing municipality in need of a modern hospital but without the tax base necessary to finance a new hospital without major outside aid;


NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF SITKA:

THAT the Alaska Legislature respectfully be asked to authorize a State Bond Election to provide funds for a new Sitka Community Hospital.

PASSED, APPROVED AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska on this 25th day of APRIL, 1978.


Ben F. Grussendorf, Mayor

ATTEST:


Esther Middleton, Acting Clerk

SITKA COMMUNITY HOSPITAL

P. O. BOX 100 • SITKA, ALASKA 99835 • (907) 747-3241

April 27, 1978

Honorable Charlie Parr
Chairman, Health Education and Social Services Committee
House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Sir:

We regret that we did not have any representatives from our area present when your committee met to consider a Bond issue for a new community hospital in Sitka.

Unfortunately I was not aware that the committee meeting had been scheduled, and I was also informed that the Governors office and/or the State Planning and Research office had all the documentation to support our request for this Bond issue.

I have only been Administrator of this hospital for 3 months and I apologise therefore for not taking steps to see that our application was better supported, and I very much regret any delay or inconvenience to your committee.

I am enclosing a package of letters and reports that I hope you will find helpful and we will definitely have persons available to provide any additional information at your next meeting at 3 P.M. on Monday May 1.

I very much appreciate your help in this important issue and I will be pleased to work closely with you and your committee and staff to help this community obtain a modern health care facility.

Sincerely,



A. S. McAllister
Administrator

ASM/klk



GREATER SITKA

Chamber of Commerce, Inc.

April 27, 1978

Honorable Charlie Parr, Chairman
Health Education and Social Services Committee
Alaska House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Sir,

May we take this means to assure you and your Committee that the Greater Sitka Chamber of Commerce strongly supports the request of the Board of Directors of the Sitka Community Hospital for funding for construction of a new hospital facility in Sitka.

It is our understanding that your Committee feels it does not have enough data in hand and is somewhat reluctant to act on the little information it has. This is understandable and commendable. However, we cannot understand this shortage since we have been assured by the agencies involved that they have forwarded copies of all their data to you. But be that as it may, we urge you to please await the presentation of this material before making a final decision.

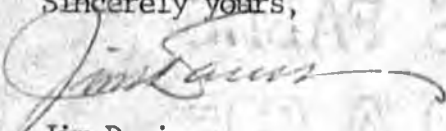
Realizing that Sitka is in a uniquely unfavorable position regarding its hospital, may we offer the following for your consideration? (1) Federal Governmental activities have been and continues to erode our base. The use of the Public Health Hospital by the Native and Armed services communities creates a population/use picture that is very misleading. Our tax base is also being diminished in the same way. (2) Due to the poorly designed facility that we now occupy, we are working under wavers by the various rating and qualifying Boards. Should these be withdrawn we would lose thereby several sources of revenue, such as Medicare etc. (3) We have been told that engineering studies indicates that with the present construction accreditation is impossible, and that it will require a new facility. (4) Sitka's growth projections require a sizable facility increase, yet we must fund on the present population figures. (5) Our present tax structure, though low in millage rate, is high in valuation, with the result that we are paying dollar value taxes that are equal to most and more than some cities of comparable situation. This presents an unrealistic picture when viewed with the customary eye to millage rate only. To be forced to bond for such a large sum of money would create an impossible hardship.

We are proud of the quality of patient care being rendered, even under our adverse conditions. Our acute care capabilities are excellent and for such short term patients we could demonstrate a considerable savings to the Federal people on a contractual basis at present, and this could even increase with a new facility.

There are many other compelling reasons for requesting your help, such as the impossibility of 100 % scheduled occupancy due to the arrangement and shortage of rooms and equipment.

We therefore urgently request that you give favorable consideration to our need. Please be assured that there is absolutely no lack of support for this project in Sitka.

Sincerely yours,



Jim Davis,
Executive Director
For the Board of Directors

JD/cb

cc: Mr. Rocky Gutierrez
Mr. Alex McAllister

1978 APR 27 PM 2 33

03025 ANCHORAGE ALASKA 89 04-27 1130A AST
PMS ALEX MCALLISTER ADMINISTRATOR SITKA COMMUNITY HOSPITAL
BOX 500 PH 747-3241
SITKA AK 99835

THE ALASKA STATE HOSPITAL ASSOCIATION SUPPORTS ANY DECISION
FOR CONSTRUCTION OF HEALTH FACILITIES THAT IS MADE BY THE STATES
PLANNING AGENCIES AND IS SUPPORTED BY THE COMMUNITY INVOLVED.
WHEN THE PLANNING AGENCIES AND THE LOCAL CITIZENS DEEM A
FACILITY NECESSARY, EVERY EFFORT SHOULD BE MADE BY THE STATE,
CITY AND/OR BOROUGH TO FUND THE PROJECT IN A TIMELY MANNER
ESPECIALLY IF THE PROJECT INVOLVES THE REPLACEMENT OF A
STRUCTURALLY UNSAFE BUILDING. IF YOU WISH TO SHARE THIS TELEGRAM
WITH OTHER, YOU ARE WELCOME TO DO SO

DONNA BRADY, ACTING EXECUTIVE DIRECTOR ALASKA
STATE HOSPITAL ASSOCIATION

PHONED NUMBER	3241
PHONED	<i>Adler</i>
TIME	235
BY	<i>CD</i> DSPN <i>Blue</i>
UNRAISED	(time) (date) (initials)

SITKA COMMUNITY HOSPITAL

P. O. Box 500 • SITKA, ALASKA 99835 • (907) 747-3241

April 4, 1978

Senator Ted Stevens
U.S. Senate
411 Russell Building
Washington D.C. 20510

Dear Senator Stevens:

As requested by Mr. Richardson we are providing you with the information required regarding the services which Sitka Community Hospital provides for this community.

1. This hospital was built in 1956. We have 24 beds and provide acute care in medicine, surgery, obstetrics, and pediatrics. We have no long-term facilities, but we do provide care for alcoholics and psychiatric patients.
2. With only two-bed patient rooms and one four-bed ward, it is very difficult to cover a full range of acute care and adequately separate surgical, medical, obstetrical, and isolation cases. We have no isolation rooms or newborn isolation facilities, and although we have occasionally been filled to capacity, many times all our rooms are full when our census is at fifty percent occupancy, which was our average occupancy rate during 1977. The rooms are small and do not have closets for patients' clothing and personal belongings. There is no doubt that if we had better facilities our census would increase.
3. The hospital plant is obsolete and does not meet current accreditation or state licensing requirements. A copy of the State Architect's report is attached. Apart from structural and design deficiencies, our staff are particularly hampered in their efforts to maintain quality care by inadequate space and design for coronary care, surgery, obstetrics, lack of isolation and security rooms.
4. We have no space for inservice education, physical or inhalation therapy, or space for an auxiliary or for pulmonary function services. This makes it difficult for our staff to give the range and quality of care which they are capable of providing for this community.

5. We have two excellent Surgeons on staff who do a wide range of surgery. We have three General Practitioners, one trained in Internal Medicine, one who has recently been re-certified for seven years by the American Board of Family Practice, and the third General Practitioner has had medical, surgical, and obstetrical experience.
6. Acute health care is provided for all members of the community, including native population. The lack of adequate facilities has obstructed our efforts to obtain referrals from outlying areas. There is no doubt that we do have the support of the community and all health care agencies, and if we can obtain the Bond issue and build a new facility, I know that we can dramatically improve the services which we provide and which are needed in this community.
7. The Governor and the Department of Health are fully in support of a \$5.6 million state Bond issue, which will probably be presented in the legislature within the next two months. The city is also fully supporting the need for a new hospital and we feel will definitely supply the additional funds needed to build a modern health facility for this community.
8. We believe that it is only economically feasible to have one modern health care facility in this community, that can be operated at a level of efficiency which will provide a high quality of care at a reasonable cost to the community. The city is contributing to the operation of the existing hospital and has over the past two years provided \$200,000 per year for capital and operating subsidy.
9. We believe there is a great need in this community for long-term care services, rehabilitation and alcoholic programs and we believe that the local Public Health Service hospital could provide all these services and avoid costly duplication of services to the community. We are working in cooperation and harmony with the P.H.S. hospital, and are planning more programs to share services, reduce operating costs in both facilities, and provide the optimum care for the community.
10. In planning the new hospital, provision will be made for working in complete cooperation with the physicians, other health care organizations, and the native community. We will plan on the highest quality and widest range of health care possible, and this care will be available and accessible to all members of this community, including, of course, the native population. We will coordinate our acute care with the rehabilitation, long-term care and other special health services which we hope the Public Health Service hospital will provide.
11. Increased operating efficiency will reduce the costs to the patients, and plans already implemented will, we project, save \$20,000 per year on costs of billing, accounting, and computer operations. More changes can be made which will improve efficiency and reduce costs without in any way affecting the quality of patient care.

Senator Ted Stevens

3

April 4, 1978

We would be pleased to keep you fully informed regarding our funding and planning for a new health care facility in Sitka and we would like to work with you and local, state and federal agencies in planning for the most modern and sophisticated health care facility that we can design and build for the future benefit of this community.

Sincerely,

Edward J. Flynn
Chairman of the Hospital Board

Edward D. Spencer
Chief of the Medical Staff

ASM:hm

SITKA COMMUNITY HOSPITAL

P. O. Box 500 • SITKA, ALASKA 99835 • (907) 747-3241

POSITION PAPER
of the
MEDICAL STAFF OF SITKA COMMUNITY HOSPITAL
on
THE FUTURE HEALTH DELIVERY SYSTEM FOR THIS COMMUNITY

- A. TO EXPRESS THE OPINIONS AND POSITION OF THE MEDICAL STAFF OF THE SITKA COMMUNITY HOSPITAL WE FIRST REITERATE THE GENERALLY ACCEPTED PRINCIPLES TO PROVIDE THE COMPLETENESS NECESSARY IN THIS TYPE OF DOCUMENT:
1. The highest standard of care which we can provide must be made available and accessible to every person in this community in accordance with his or her needs without regard to race, color, creed or financial circumstances.
 2. We believe that health care, including preventive medicine, is the right of everyone, as far as is necessary for the maintenance of health. However, preferred accommodation and other optional extras in health care facilities should be provided for those who wish to pay for them.
 3. Care necessary to provide for basic health needs, we believe, should rank equally with food, shelter, and basic education as necessities of life. Facilities and services to provide for these basic health needs must be equally available to all without financial sacrifice.
 4. The present health delivery system in this area is inadequate for the needs of the community; it is fragmented, and the cost of health care delivered is too high due to the unnecessary duplication of acute care services by the P.H.S. hospital and the community hospital.
- B. WE MAKE THE FOLLOWING RECOMMENDATIONS TO STIMULATE HEALTH CARE PROVIDERS, CONSUMERS, AND PERSONS OF EVERY POLITICAL PARTY AND ORGANIZATION TO COORDINATE THEIR EFFORTS TO IMPLEMENT CHANGES WHICH WILL PROVIDE A COMPREHENSIVE PLAN OF HEALTH CARE FOR THE PEOPLE OF THIS COMMUNITY.
1. The people, who in the end pay directly or indirectly for health care, must work together to provide the very best health delivery system that providers, consumers, experts and politicians can devise.
 2. Consumer education of health needs and the cost of providing health services, and consumer involvement and responsibility are essential for the success of any health program.

3. Money must be injected into this health delivery system at some point to pay for the medically indigent and other persons unable to pay for the quantity and quality of care they need to maintain adequate health.
4. Free service without some form of control will be abused.
5. A health program financed and controlled federally will create such a mass of bureaucratic controls that the cost will be astronomical - and the quality will surely deteriorate because the dedicated professional providers will lose their incentives and professional relationships. Providers will be swamped by the mass of paper work and bureaucratic controls that a government must unfortunately always impose in the hope of avoiding abuse and discrimination, but in actual fact these controls only add to the cost of providing health care.
6. We believe that it is only economically feasible to have one modern health care facility in this community, that can be operated at a level of efficiency which will provide a high quality of care at a reasonable cost to the community.
7. Unnecessary duplication of acute care services provided by the Sitka Community Hospital and the Public Health Service Hospital adds to the cost of health care in this community. These two outmoded facilities are difficult to operate efficiently and we believe that we need one modern acute care facility to serve the health care needs of all the people in this community. Such a facility operated by the community will provide the ultimate in health care services, maintain our free enterprise health care system, and allow patients freedom of choice of physician.
8. We believe that optimum standards of health care can only be provided in a free enterprise system where community hospitals are responsive to, and accountable to, the community which they serve. The layers of bureaucracy which control any Public Health Service Hospital inevitably add to the high cost of delivery of health care and alienate the community whose voluntary efforts built the health service in this country and whose help we require in the future if we want to continue to improve the quality of our health delivery system and avoid any National Health Program.

C. THE PRESENT FACILITY DOES NOT MEET CURRENT LICENSING OR ACCREDITATION STANDARDS.

1. The hospital plant is obsolete and does not meet current accreditation or state licensing requirements. Apart from structural and design deficiencies, the medical staff is particularly hampered in its efforts to maintain quality care by inadequate space and design for coronary care, surgery, obstetrics, and lack of isolation and security rooms.

2. We have no space for inservice education, physical or inhalation therapy, or space for an auxiliary or for pulmonary function services. This makes it difficult for our physicians and nurses to give the range and quality of care which they are capable of providing for this community.
3. Accreditation status can not be maintained in an obsolete building with the number of deficiencies that we have in this facility. Notwithstanding these difficulties and deficiencies, however, we have continued to provide a high quality of care to this community. For example, our length of stay has been reduced from 5.41 days in 1974 to 4.48 in 1977. It is generally accepted by all health authorities that this reduction in length of stay is an indication of a superior quality of health care. Financially, of course, this reduces the cost-per-stay to patients, and since the national average length of stay is between 6 and 7 days, our high standard of health care is delivered to patients in this community at a lower cost per-patient-stay than the national average.
4. Sitka, like other communities in SE Alaska, has to provide a more sophisticated level of care due to the relative isolation of our community than would be expected in a comparably sized hospital closer to major health centers. Our patients need to have this range and quality of care available for emergencies.
5. We are dedicated to provide the highest quality of care possible, and to deliver this care to all members of this community at the lowest cost possible. Programs and efficiency controls now being implemented will ensure that this hospital maintains a cost control program that provides the highest standard of efficiency with the highest standard of professional care.

4-24-78

HB

714

JUNEAU-DOUGLAS COMMUNITY COLLEGE AND KETCHIKAN COMMUNITY COLLEGE FACILITY REQUESTS

Representative Parr, members of the committee. My name is Vern Oremus. I am the Campus President at Juneau-Douglas Community College. My chancellor, Pat O'Rourke regrets he cannot be here today, and has asked me to testify before this group on the Juneau-Douglas Community College and Ketchikan Community College portion of the University's capital improvement request, specifically the Career Education laboratory Phase II and the power technology laboratory in Juneau and the Career Ed building in Ketchikan. Dr. O'Rourke asked me to speak to this committee on the details of our vocational programs, our long range plans, the students served and the cost effectiveness of the programs.

Regarding KCC request for funds:

1. KCC purchased a bowling alley on the waterfront in 1976 for 400.0
(11,000 sq ft)
2. In 1976 G.O. Bond request for 500.0 to remodel and equipment
(defeated)
3. In 1977 direct appropriation of 250.0 to remodel. This provided bare necessities.
4. 78 request is for 200.0 to complete
 - 95.0 completely remodel and site work
 - 75.0 equipment
 - 30.0 architect fees, planning, permits, administration

Current programs are in Welding, Diesel, Marine Technology and Materials Technology. Welding has been ongoing for years and supports all programs. Diesel is 2 years old. Materials Technology is 5 to 6 years old, however, this area has not developed into a full program due to lack of facilities. Marine technology was new last year. The Legislature funded it at 179.0 but the governor cut to 52.0.

Thirty-six (36) FTE vocational students are now being served. The new building will allow for 84 FTE students to be trained. Cost to educate vocational students at KCC is \$122.00/SCH.

Juneau-Douglas Community College began its vocational programs in 1974 with one faculty member; the production of the division was 80 SCH. Vocational education operated in one small multi-purpose laboratory. This year, 4 years later, the division has 4 full-time faculty, many part-time faculty and generates over 2000 SCH. We have built the first phase of one new voc tech lab and remodeled the existing multi-purpose lab twice to accommodate expanding programs. This Division houses one of our most healthy and growing areas. Its success is due to sound planning. In 1975 three program areas were thoroughly researched. Needs assessments were done, occupational data was gathered and the college committed itself to developing Construction Technology, Power Technology and Marine Technology programs. One hundred three students were served the first year of operation. This year we will serve well over 600. Our cost per credit hour is \$110.60. Currently, we are bursting at the seams. Our classes in Career Ed fill and are closed at preregistration. We are limited in meeting needs only by facilities and staff. Career Ed classes are offered day and night, (even on Friday evening and all day Saturday). We offer classes in every school shop in town and must have more facilities to make our programs valid.

Phase I Career Ed lab was constructed in 1976 (74 G.O. Bond) as the first part of a 2 part building. The building was engineered to accept a second floor and the programs designed and implemented to phase in with this construction time line.

Phase II construction will:

- house light vocational labs (electricity, drafting and graphic arts)
- provide classroom space critically needed by the college
- complete vocational facility needs for Construction Technology for 5 to 8 years
- provide 8200 sq ft of additional space (4550 ft for labs)
- allow for 450 additional SCH in voc ed plus classroom use (90-100 FTE students served).

Power Technology Lab will:

- house diesel, automotive and small engine programs
- solve serious overcrowding and safety problems in existing facility (currently used to teach auto, diesel and welding)
- provide 7200 square feet of heavy vocational space
- complete power tech facility needs for 5 to 8 years
- allow for 1350 additional SCH (90 FTE students served)

Our planning office has requested \$1,220,200 to construct the Career Ed Phase II building and \$1,080,000 for the power tech lab. The governor's staff has recommended \$1,220.0 for the Phase II facility but only 800,000 for the power tech lab. We do not feel this is adequate. The facility cannot be "phased" and we recommend its complete funding.

25 Capital Budget Proposed Project

Form 26 MUST BE COMPLETED AND ATTACHED WITH EACH PROPOSED PROJECT REQUEST

PROJECT TITLE CAREER EDUCATION - POWER TECHNOLOGY LABORATORY		OPERATING BUDGET BRU(S)		NAMES		NUMBERS	
PRIORITY	PROJECT STARTING DATE	ESTIMATED DATE FACILITY IN USE BY:		TOTAL PROJECT COST			
LOCATION(S) Juneau Auke Bay Campus		AREA SERVED		ELECTION DISTRICT			
SOURCE OF COST ESTIMATE				DATE OF ESTIMATE			

DESCRIPTION

The Power Technology Laboratory will facilitate the rapidly expanding programs in diesel, automotive, marine and small engines. The facility will serve existing programs and enable additional training needs in the power area to be met.

PROJECT TYPE	
BUILDING CONSTRUCTION	EQUIPMENT
OTHER IMPROVEMENT	LAND

PROJECT PURPOSE (Check all that apply)

- Major Maintenance (Rehab)
- Improvement of Services
- Accommodation of Increased Demand
- New Program or Service Accommodation
- Supplement Previously Authorized Funds
- Preliminary Feasibility or Cost Studies
- Other

PROJECT EXPENDITURES	TOTAL	BUDGET YEAR	BUDGET YEAR PLUS 1	BUDGET YEAR PLUS 2	REMAINING COST
TOTAL ANNUAL EXPENDITURE (Capital Cost)	1080.0				
PLANNING AND ENGINEERING	80.0				
LAND					
CONSTRUCTION	900.0				
EQUIPMENT	50.0				
ADMINISTRATION AND OTHER	50.0				

APPROPRIATION REQUEST

Federal Receipts	
Required General Fund Matching	
Other General Fund	
G. O. Bonds	
ASHA Bonds	
Inter-Agency Transfers	
Other	
TOTAL	

OPERATIONAL COST AND NO. PERSONNEL INCREASE (DECREASE)		ULTIMATE ANNUAL	BUDGET YEAR	BUDGET YEAR PLUS 1	BUDGET YEAR PLUS 2
FUNDING SOURCE	OTHER SOURCES				
	GENERAL FUND				
TOTAL ANNUAL OPERATIONAL COST		38.0			
POSITIONS	FULL-TIME EQUIVALENTS	1.0			

AGENCY _____ PROGRAM _____ PRIORITY NO. _____

23 Capital Budget Project Justification

OBJECTIVE: _____

Justify the project using the four headings below in the order they appear. Expand upon each section as required. Repeat heading when commanding response. Submit justification for each project listed in first column of Form 27. Attach feasibility studies, reports, or other documentation available. Use Form 23 as continuation sheet.

- | | |
|---|---|
| I. DOCUMENTATION OF NEED (Cite quantitative and measurable need.) | III. DOCUMENTATION OF ESTIMATED CAPITAL COST (Discuss degree of reliability.) |
| II. ANALYSIS OF IMPACT ON OPERATIONAL EXPENSE (Estimate and justify.) | IV. IDENTIFICATION OF ALTERNATIVES CONSIDERED (State why rejected.) |

I. Documentation of Need

Since the Power Technology program at Juneau-Douglas Community College was approved in 1976 the acceptance has been phenomenal. The need for workers in automotives, diesel, small engines, marine engines and other areas was documented in the program proposal submitted to the Statewide Instructional Council. The projections were fully substantiated as virtually all classes have been filled to capacity and the program is only in the third semester of operation.

The original Career Education Laboratory now houses courses for automotives, diesel and welding and is severely crowded. Almost all time slots are utilized including Friday evening and all day Saturday. The popularity of the courses has overtaxed the laboratory and priority must be given to the committed program. The existing facility is used by two full-time instructors plus part-time faculty and is virtually overflowing with the needed equipment. Thus, many avocational or community service courses in the area of power simply cannot be offered.

II. Program Justification

Southeast Alaska is heavily dependent upon power in all forms and Power Technology has had the largest growth of all Career Education offerings. The first career education courses in 1974 produced 30 student credit hours while Power Technology alone will produce over 600 for 1977-1978. Additional non-credit courses could use the program's equipment when available but "outside" use is curtailed by lack of time slots.

AGENCY _____ PROGRAM _____ PRIORITY NO. _____

Project Title: _____



CAPITAL BUDGET



Explanation

Without added space the program will be stifled and enrollment further limited. With the projected facility the student credit hour projection will be over 900 in the first year of operation. An additional 450 student credit hours would be generated in the original Career Education laboratory.

III. Facility Needs

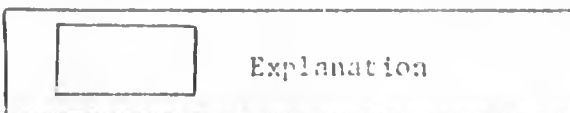
The recommended size for a power technology laboratory is between 90 and 100 square feet per student for instructional areas. With the needed testing rooms, storage areas, mechanical space and large vehicle work areas recommended size is 60' x 120', resulting in 7200 square feet.

This facility would serve diesel instruction for marine, construction, truck and stationary useage. The automotive portion would facilitate front end work, auto body, tune-up, and overhaul besides outboard motors, stern-drive units, snowmobiles and other small gas engines.

BRU

Agency

Revised



25 Capital Budget Proposed Project

Form 26 MUST BE COMPLETED AND ATTACHED WITH EACH PROPOSED PROJECT REQUEST

PROJECT TITLE CAREER EDUCATION LABORATORY - PHASE II		OPERATING BUDGET BRU(S)		NAMES		NUMBERS	
PRIORITY	PROJECT STARTING DATE	ESTIMATED DATE FACILITY IN USE BY:	TOTAL PROJECT COST				
LOCATION(S) Juneau Auke Bay Campus		AREA SERVED	ELECTION DISTRICT				
SOURCE OF COST ESTIMATE				DATE OF ESTIMATE			

DESCRIPTION

The second floor of the Phase II Career Education facility will house light industrial-type laboratories for expanding occupational programs and also include general classroom and office space. The laboratories will be electronics, graphic arts and drafting. The existing Career Education laboratory is to be remodeled to accommodate welding and metals courses.

PROJECT TYPE		
BUILDING CONSTRUCTION		EQUIPMENT
OTHER IMPROVEMENT		LAND

PROJECT PURPOSE (Check all that apply)

- Major Maintenance (Renov)
- Improvement of Services
- Accommodation of Increased Demand
- New Program or Service Accommodation
- Supplement Previously Authorized Funds
- Preliminary Feasibility or Cost Studies
- Other

PROJECT EXPENDITURES	TOTAL	BUDGET YEAR	BUDGET YEAR PLUS 1	BUDGET YEAR PLUS 2	REMAINING COST
TOTAL ANNUAL EXPENDITURE (Capital Cost)	1220.0				
PLANNING AND ENGINEERING	95.0				
LAND					
CONSTRUCTION	1010.0				
EQUIPMENT	50.0				
ADMINISTRATION AND OTHER	65.0				

APPROPRIATION REQUEST

Federal Benefits	
Required General Fund Matching	
Other General Fund	
G. O. Bonds	
ASHA Bonds	
Inter-Agency Transfers	
Other	
TOTAL	

OPERATIONAL COST AND NO. PERSONNEL INCREASE (DECREASE)		ULTIMATE ANNUAL	BUDGET YEAR	BUDGET YEAR PLUS 1	BUDGET YEAR PLUS 2
FUNDING SOURCE	OTHER SOURCES				
	GENERAL FUND				
TOTAL ANNUAL OPERATIONAL COST		35.0			
POSITIONS FULL-TIME EQUIVALENTS		1.0			

AGENCY _____ PROGRAM _____ PRIORITY NO. _____

26 Capital Budget Project Justification

OBJECTIVE: _____

Justify the project using the four headings below in the order they appear. Expand upon each section as required. Repeat heading when commencing response. Submit justification for each project listed in first column of Form 27. Attach feasibility studies, reports, or other documentation available. Use Form 23 as continuation sheet.

- | | |
|---|---|
| I. DOCUMENTATION OF NEED (Cite quantitative and measurable need.) | III. DOCUMENTATION OF ESTIMATED CAPITAL COST (Discuss degree of reliability.) |
| II. ANALYSIS OF IMPACT ON OPERATIONAL EXPENSE (Estimate and justify.) | IV. IDENTIFICATION OF ALTERNATIVES CONSIDERED (State why rejected.) |

I. Documentation of Need

Career Education at Juneau-Douglas Community College has shown tremendous growth. From an initial output of 80 student credit hours in all of 1974-1975, it has grown to a projected total in excess of 2,000 for 1977-1978. The faculty has grown from one full-time person to four and one-half plus over twelve part-time instructors. Almost every course Career Education has offered has averaged 12.6 students per course.

The second floor addition is definitely needed to house existing and planned courses. This is supported by the Academic Development Plan of 1975, which states that "...emphasis must be placed on...providing a strong vocational-technical programs..." and that "This area will become increasingly important in providing occupational skill training and retraining as the population of the Southeastern region grows."

II. Program Justification

The area has voiced strong concern for a college-level electronics program as well as graphic arts and expanded offerings in drafting. Technician-level employment is high in the area and the need for trained personnel as well as up-dating workers is expected to continue. The existing facilities are already overtaxed and needed program growth is at a virtual standstill. There is simply no room for additional courses within the existing multi-purpose or materials technology laboratories.

The college is offering a beginning level electronics course through a part-time instructor and utilizing the facilities of Juneau-Douglas High School. The facilities are minimal and cannot go beyond the basic electronics course but thirteen students have initially enrolled and interest is strong for continuing the sequence of courses.

AGENCY _____ PROGRAM _____ PRIORITY NO. _____

Project Title: _____

 CAPITAL BUDGET



Explanation

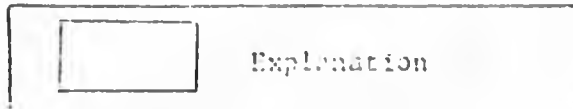
The phase II addition would produce an additional 450 student credit hours in electronics and graphic arts alone in its first year of operation. The facility would also house a new drafting facility, general classrooms and faculty offices.

III. Facility Needs

The recommended space allotment for an electronics facility is 90 square feet per student or approximately 1200 square feet for a class of twelve. The facility should be rectangular and located near both the drafting and graphic arts laboratories. A drafting laboratory should contain 1350 square feet which allows for 90 square feet per student plus storage and counter area. The graphic arts area should have 2000 square feet, allowing for 100 square feet per student plus storage and darkroom space.

Thus, the total area of the phase II project would be 8200 square feet, of which approximately 4550 square feet would be allotted to light-industrial career education laboratories.

BRU _____ Agency _____ Revised _____



TO: [Gerald Hiley, Administrator
Adult and Continuing Education
Department of Education
Pouch F
Juneau, Alaska 99811

DATE February 28, 1978

FILE NO.

TELEPHONE NO.

FROM: Robert D. Booher,
Project Director
Alaska Skill Center
P.O. Box 615
Seward, Alaska 99664

SUBJECT: Programs to be housed in the
new classroom-shop facility.

The proposed bond money of 2.2 million used to provide shop space,
classroom space and lab space for r' ng programs:

1. Forest Technology
2. Welding
3. Marine Diesel
4. Building Trades (heating and refrigeration, drafting and electronics)
5. Petroleum Technology
 - a. Oil Spill Technology
 - b. Oil Field Mechanic
 - c. Rigging Training
 - d. Exploration and Seismograph Drilling
 - e. Wire Line Rigging
 - f. Blowout Prevention
6. Adult Basic Education and Audio-Visual classrooms

New Programs in the future:

1. Small Engines
2. Auto Body Rebuild
3. Auto Paint Shop
4. Air Frame and Power Mechanics
5. Land and Resource Management
6. Surveying
7. Small Appliance Repair
8. Small Business Management

The building will contain a centralized tool, supply, and storage area, four administrative offices and restrooms to accommodate 150 people.

Expansion of the Heavy Equipment area to include the Hyster Forklift and the N.C. Cat apprenticeship programs necessitates moving the Welding and Marine Diesel programs to different quarters. Incorporating the Building Trades program into this facility will free the present metal buildings for storage for the various programs.

We anticipate expanding the Petroleum Technology program to include the listed six fields which will require considerably more space. It is also planned to extend the Building Trades area to encompass drafting, basic electronics, and refrigeration programs.

Listed are eight programs that we've had numerous calls to provide and sufficient space will be provided to expand into these areas in the future.

Preliminary figures show that approximately 40,000 square feet of floor space will be needed and it is my plan to have the building put out for a design build bid from a set of specifications we make in conjunction with the Division of Design and Construction.

An alternate plan for the 2.2 million bond appropriation would be to use it to remodel and add on to the present Seward High School if it becomes available from the Kenai Peninsula Borough when the school district moves out of it this year.

By obtaining the high school and the State National Guard Armory building it would make the money stretch much further.

If this plan is followed it will also necessitate an addition on the present mechanical shop as part of the project to handle the Welding and Marine Diesel programs.

HB

719

Instructional Unit Increase vs. C.O.L.A.

Year	Base Unit \$	% Increase	Anchor COLA. (Based upon 1967 as 100)	% Increase from previous year
72-73	\$ 19,250		1972 - 115.9	2.7
73-74	20,250	5%	1973 - 120.8	4.2
74-75	21,750	7%	1974 - 133.9	10.8
75-76	23,500	8%	1975 - 152.3	13.7
76-77	25,000	6%	1976 - 164.1	7.7
77-78	27,500	10%	1977 - 175.5	7.0
HS 79	31,900	10%		
HS 800	30,700	6% - 12 mil		

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 719
 Title An Act Relating to State Aid for Schools; and Providing for an Effective Date
 Requested by Duncan, Anderson, Freeman, et. al. Date 2-1-78

II. FISCAL DETAIL

Agency Affected Education
 Program Category Affected Elementary and Secondary Education
 Budget Request Unit(s) Affected Financial Support Programs

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.				20,589.4	22,424.7	23,770.1
TOTAL				20,589.4	22,424.7	23,770.1

FUNDING (Thousands of Dollars)

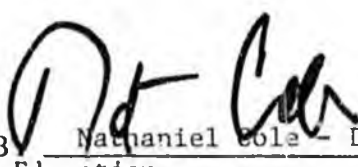
GENERAL FUND				20,589.4	22,424.7	23,770.1
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

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

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

This estimate is derived by multiplying the difference between the FY-79 instructional unit value presently in statute and that proposed in HB-719 by the number of instructional units projected in the department's FY-79 initial report. This computation, the 2900 difference between 29,000 and 31,900 times 6,283 instructional units, yields 18,220.7. This figure is then increased by 13 percent to accommodate area differentials provided by AS .4.17.051, which results in a net cost of 20,589.4, assuming the actual number of instructional units does not increase over FY-79.

IV. DATE 2-6-78 PREPARED BY  Nathaniel Cole Deputy Commissioner
 AGENCY Education
 PHONE 465-2800
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB-719
 Title An Act relating to state aid for schools; and providing for an effective date.
 Requested by House HESS Date 5-3-78

II. FISCAL DETAIL

Agency Affected Education
 Program Category Affected Education
 Budget Request Unit(s) Affected Financial Support

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 CGMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			3,292.8	15,559.9	16,493.4	17,483.0
TOTAL			3,292.8	15,559.9	16,493.4	17,483.0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

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

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

	FY-79	FY-80	FY-81	FY-82
Section 4	68.4	72.5	76.8	81.4
Section 6*	207.3	219.7	232.9	246.9
Section 2	3,017.1	3,198.1	3,390.0	3,593.4
Section 7		12,069.6	12,793.7	13,561.3
TOTALS	3,292.8	15,559.9	16,493.4	17,483.0

Proposed

*181 (Instructional Units) x .987415 (State Support) x 33,640 (116% I.U.) = 6,012.2
 181 (Instructional Units) x .987415 (State Support) x 32,480 (112% I.U. in statute) = 5804.9

Increase = 207.30

IV. DATE May 4, 1978 PREPARED BY Nathaniel Cole, Deputy Commissioner
 AGENCY Education
 PHONE 465-2800
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 800
 Title Base Instructional Unit Value
 Requested by Rules Committee at Request of Governor Date 2-10-78

II. FISCAL DETAIL

Agency Affected Education
 Program Category Affected Education
 Budget Request Unit(s) Affected Financial Support Programs

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			12,069.6	12,793.7	13,561.3	14,374.9
TOTAL			12,069.6	12,793.7	13,561.3	14,374.9

FUNDING (Thousands of Dollars)

GENERAL FUND			12,069.6	12,793.7	13,561.3	14,374.9
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

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

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

6283 instructional units x \$1700 per instructional unit x 1.3% of average differential = \$12,069,643

FY 81 - 83 @ 6% per year increase.

IV. DATE 2-22-78 PREPARED BY Nathaniel Cole, Deputy Commissioner
 AGENCY Education
 PHONE 465-2800

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

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 749
Title Act Relating to Instructional Unit Allotments
Requested by Freeman and Gardiner Date 2-7-78

II. FISCAL DETAIL

Agency Affected Department of Education
Program Category Affected Education
Budget Request Unit(s) Affected Financial Support Programs

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		68.4	72.5	76.8	81.4	86.2
TOTAL		68.4	72.5	76.8	81.4	86.2

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND		68.4	72.5	76.8	81.4	86.2
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME		0	0	0	0	0
PART TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

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

59 (Instructional Units) x 31,320 (108% I.U. Proposed) = 1847.8

59 (Instructional Units) x 30,160 (104% in statute) = 1779.4

Increase = 68.4

FY 79-82 inflation @ 6%

IV. DATE 2-22-78 PREPARED BY Nathaniel Cole, Deputy Commissioner
AGENCY Education
PHONE 465-2800
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE REVISED

I. REQUEST

Bill/Resolution No. HB 851
Title An Act Relating to Bilingual Education
Requested by House HESS Date 2-16-78

II. FISCAL DETAIL

Agency Affected Education
Program Category Affected Elementary and Secondary Education
Budget Request Unit(s) Affected Program Evaluation

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			3,017.1	3,198.1	3,390.0	3,593.4
TOTAL			3,017.1	3,198.1	3,390.0	3,593.4

FUNDING (Thousands of Dollars)

GENERAL FUND			3,017.1	3,198.1	3,390.0	3,593.4
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME			-0-	-0-	-0-	-0-
FART TIME			-0-	-0-	-0-	-0-
TEMPORARY			-0-	-0-	-0-	-0-

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

See attached for fiscal result of revised formula:

1-36 one unit
37-72 two units
73-109 three units
110-above one unit for each 36 students or portion thereof

IV. DATE April 27, 1978 PREPARED BY Nathaniel Cole, Deputy Commissioner

AGENCY Education
PHONE 465-2800

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

	<u>AB ADM</u>	<u>CLJ weighted ADM/Students</u>	<u>Total weighted ADM/Units</u>	<u>Units/Entitlement</u>
Anchorage	317	45.6 (224)	362.6 (16.8)	(11) 319,000
Bristol Bay	-	-	-	-
Cordova	0	.2 (1)	.2	0
Craig	-	-	-	-
Dillingham	0	11.6 (78)	11.6 (.48)	(1) 44,950
Fairbanks N.S.	33 (33)	11.7 (132)	44.7 (3.6)	(2) 64,960
Galena	0	2.2 (11)	2.2 (.091)	(1) 44,950
Haines	-	-	-	-
Hoonah	0	.4 (2)	.4	0
Hydaburg	-	-	-	-
Juneau	3	10.8 (58)	13.8 (2.033)	(1) 29,000
Kake	-	-	-	est.
Kenai Peninsula	124	25.7 (135)	149.7 (7.9)	(5) 156,600
Ketchikan Gateway	0	.1 (1)	.1 (.004)	0
King Cove	-	-	-	est.
Klawock	-	-	-	-
Kodiak Island	19	13	32 (3.083)	(1) 32,480
Matanuska-Susitna	3	17.8 (89)	20.8 (3)	(1) 30,160
Nenana	-	-	-	est.
Nome	0	83.5 (775)	83.6 (5.2)	(3) 134,850
North Slope	11	181.3 (1143)	192.3 (9.76)	(6) 269,700
Pelican	-	-	-	est.
Petersburg	0	1.2 (7)	1.2 (.05)	0
Sitka	10	1.2 (6)	11.2 (.466)	(1) 30,160
Skagway	-	-	-	-
St. Mary's	0	21.8 (109)	21.8 (3)	(1) 44,950
Unalaska	-	-	-	-
Valdez	0	.2 (2)	.2 (.008)	0
Wrangell	2	.2 (1)	2.2 (.091)	0
Yakutat	-	-	-	-

1,201,760

REGIONAL EDUCATIONAL ATTENDANCE AREA DISTRICTS

DATE _____

	<u>AB ADM</u>	<u>CED weighted ADM/Students</u>	<u>Total weighted ADM/Units</u>	<u>Units/Entitlement</u>	
NORTHWEST ARCTIC	0	215 (1275)	215 (10.7)	(6)	269,700
BERING STRAITS	84	51.4 (324)	135.4 (7.3)	(4)	179,800
LOWER YUKON	6	124 (770)	130 (7.1)	(4)	179,800
LOWER KUSKOKWIM	113	172 (960)	285 (13.6)	(8)	359,600
KUSPUK	0	27.9 (115)	27.9 (3)	(1)	44,950
SOUTHWEST	275	40.0 (251)	322.8 (15.2)	(9)	404,550
LAKE & PENINSULA		34.8 (233)	34.8 (3.2)	(1)	44,950
ALEUTIAN CHAIN	1	3.6 (18)	4.6 (.191)	(1)	43,500
PRIBILOF	-	-	-	-	-
ADAK		1.6 (5)	1.6 (.05)	(1)	40,600
IDITAROD	3	10.1 (64)	13.1 (2)	(1)	44,950
YUKON/KOYUKUK	0	20.6 (203)	20.6 (3)	(1)	44,950
YUKON FLATS	25	30.0 (200)	55 (2.29)	(est.)	89,900
UPPER RAILBELT	0	.2 (1)	.2		0
DELTA/GREELY	0	.6 (3)	.6		0
ALASKA GATEWAY	1	23 (158)	24 (3)	(1)	34,800
COPPER RIVER				(1)	33,350
CHATHAM	0	.1 (1)	.1		0
SOUTHEAST ISLANDS	-	-	-	-	-
ANNETTE ISLAND					
CHUGACH	-	-	-	-	-

1,815,400

3,017,160

4/17/78

Dear Mr. Farr:

I would like to go on
record in favor of The
passage of H.B. 719.

Thank you.

Sincerely,

Kay Campbell

Resource Teacher

Metlakatla Elementary
School

P.O. Box 7

Metlakatla, Alaska

99926



HB

738

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
POST OFFICE BOX 886
KODIAK, ALASKA 99615
(TELEPHONE: (907) 486-3131)

HB?

January 11, 1977

The Honorable Merle G. Snider
Alaska State House of Representatives
Pouch "V" State Capitol Building
Juneau, Alaska 99811

RE: FOUNDATION FORMULA

Dear Representative Snider:

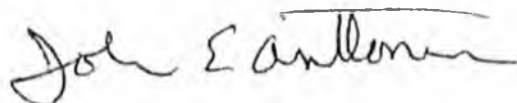
As discussed with you earlier, the School Board and Administration of this district would like to ask you to consider introduction of legislation which would result in a revised Area Differential for Kodiak under the School Foundation Program (Sec. 14.17.051).

After analyzing the CNER Study upon which the 1977 law was based, we conclude that the isolation factor for Kodiak should be 20% rather than 12%.

We are enclosing the draft of that analysis with supportive data. Please contact me if there is further information you need.

We appreciate your assistance and support.

Respectfully,



Dr. John E. Anttonen
Superintendent

/ls

enc.

P.O. BOX 886
KODIAK, ALASKA 99615
TELEPHONE: (907) 486-3131

MEMO TO: John Anttonen, Superintendent

DATE: December 5, 1977

FROM: Marolyn Pedersen, Admin. Assistant

Marolyn

SUBJECT: Draft Analysis of Area Differentials

Attached is a Draft Analysis of the Area Differential picture for this District and the results of our review of the CNER Study upon which our present Differential is based.

The review of the Study reinforced what we have concluded from our earlier conversations, that this District receives an isolation factor based upon the City of Kodiak, not taking into account the complexity of operating a District which is spread out all over the Island with seven of our villages inaccessible except by air.

It also gets 5% less than those Districts who are connected by road and railroad by virtue of the fact that the ferry stops here. That has no beneficial effect upon our costs.

ANALYSIS
OF
THE
FOUNDATION PROGRAM - INSTRUCTIONAL UNIT ALLOTMENT
AREA DIFFERENTIAL

From 1975 through 1977 the Kodiak Island Borough School District received an Area Differential of 7.5%. Then mid-year in 1976-77 the District received an additional 5% for loss of ferry service for an unusual length of time which put our Area Differential at 12.5%.

Then, the 1977 Legislature passed into law a change for most of the School Districts in the State and Kodiak was adjusted to 12.0%.

The law, as passed, reflects closely the Governor's recommendations which he states in his letter to the Senate dated March 3, 1977 are "based on the School Finance Study initiated by last year's legislature."

The Study was contracted to the Center for Northern Educational Research, and a thorough review of that study and its conclusions produces some notes of interest.

In a letter dated February 9, 1977, E. Dean Coon, Assistant Director of CNER which accompanied the final Alaska Interregional Cost Differentials report, he cautions "Use of the composite index to adjust the Instructional unit allotments at this time should be undertaken with caution and viewed as a temporary expedient, rather than a solution to the problem of devising an index which reflects regional cost of education differences."

Our review of the Study and some current cost research causes us to suggest a legislative change in the amount of the Instructional Unit Allotment (Sec. 14.17.051) for the Kodiak Island Borough School District.

RATIONALE

1. There is included in the CNER Study Total Consumption Index, as there was in the former allotment, an additional 5% for schools whose headquarters are more than 5 miles from railroad, highway, or ferry connection to Anchorage, Fairbanks, or Ketchikan. Our connection to Anchorage by ferry has no beneficial impact on our "costs of education". None of our goods come to us via the ferry system. The only time we ever use the ferry is for an occasional athletic trip once or twice a year. Most of our goods arrive by surface transportation via Sealand from Seattle and the remainder by air freight from Anchorage.
2. Unlike any other Borough School District, Kodiak has seven rural school sites which are accessible only by air or an occasional boat or barge which we are able to charter. The Kodiak District is authorized to compute instructional units for each rural school as if it were a separate entity and this does equalize the costs of operating full programs for very small numbers of students. It does not, however, compensate for the isolation factor of this very significant portion of our school district.

The Total Consumption Index was based upon the isolation factors for the town of Kodiak. It did not consider the added program costs of mailing and shipping all goods from Kodiak on to the village sites, nor the travel costs for personnel, nor the extensive added maintenance and operation costs inherent in these rural schools.

3. The Study used comparative data collected in 1975-76. One result is that we receive the same 12% area differential as Fairbanks does.

The Study used extensive per pupil cost data over the past several years. Because our local appropriation is proportionately low, the net result is a double penalty: (1) this factor gave a negative bias to the analysis, and (2) also affects our tuition rate which was also a component of any per pupil cost data.

The footnotes to the Total Consumption Index indicate that "not enough price information was available to compute an index for Election District 12 (referring to the 1965 election district which was half of the Aleutian Peninsula and the Chain). A portion of our Island lies in the same Election District as part of the Aleutian Peninsula. King Cove and Unalaska receive a 50% differential. Dillingham, Southwest Region, Lake Peninsula and Bristol Bay receive 155%.

CONCLUSION

There is sufficient data to support a reexamination of the Area Differential received by the Kodiak Island Borough School District as its Unit Allotment.

The Total Consumption Index, while a better measure of interregional cost differences than that which existed before, it does not correctly reflect the factors this District encounters as costs for delivery of educational services throughout the District.

NOTES

Attachments to this paper include:

1. A listing of all school districts and the Area Differentials received as of July 1, 1977.
2. TABLE I taken from the CNER Study which shows the old Area Differentials by (old) Election District and the proposed Total Consumption Index.
3. December, 1977 cost comparisons between the City of Kodiak and five other Alaskan communities as well as the July, 1977 Market Basket survey for several Alaskan communities.

INSTRUCTIONAL UNIT ALLOTMENT

Gateway Borough School District	100%
City & Borough of Juneau School District	100%
Anchorage School District	100%
Annette Island School District	104%
Southeast School District	104%
Petersburg City School District	104%
Wrangell City School District	104%
Sitka Borough School District	104%
Matanuska-Susitna Borough School District	104%
Craig City School District	108%
Hydaburg City School District	108%
Klawock City School District	108%
Kake City School District	108%
Chatham School District	108%
Skagway City School District	108%
Kenai Peninsula Borough School District	108%
Pelican City School District	112%
Kodiak Island Borough School District	112%
Hoonah City School District	112%
North Star Borough School District	112%
Copper River School District	115%
Cordova City School District	115%
Valdez City School District	115%
Haines Borough School District	115%
Nenana City School District	120%
Delta School District	120%
Alaska Gateway School District	120%
Upper Railbelt Regional School District	120%
Yakutat City School District	120%
Chugach School District	120%
Adak Regional School District	140%
Pribilof Islands School District	150%
Aleutian Chain School District	150%
King Cove School District	150%
Unalaska City School District	150%

Yukon Flats School District	155%
Dillingham City School District	155%
Bristol Bay Borough School District	155%
Southwest Regional School District	155%
Lake Peninsula School District	155%
Lower Kuskokwim School District	155%
Galena City School District	155%
Kuspuk School District	155%
Yukon-Koyukuk School District	155%
Northwest Arctic School District	155%
Selawik City School District	155%
Nome City School District	155%
Bering Straits School District	155%
Iditarod Area School District	155%
North Slope Borough School District	155%
Lower Yukon School District	155%
St. Mary's City School District	155%

TABLE 1: A COMPARISON OF THE ALASKA DEPARTMENT OF EDUCATION'S
INSTRUCTIONAL UNIT ALLOTMENT TO A COMPOSITE TOTAL
CONSUMPTION INDEX BY ELECTION DISTRICT
(Anchorage = 100)

Notes to Table 1

1. This index reflects consumption of food, housing, transportation, clothing, medical and personal care. It was derived in 2.5 percent increments from the average Composite Total Consumption Index for schools shown in Table 2. If adopted, the numbers would be used in the same way as the current Foundation Program regional indices: that is, for schools whose headquarters are more than 5 miles from railroad, highway, or ferry connection to Anchorage, Fairbanks, or Ketchikan, the index is multiplied by an additional 5 percent factor to determine the final allotment. The index should not be regarded as more accurate than ± 5 percent.
2. Juneau shows prices approximately 5 percent below those of Ketchikan, to the south. This is caused by lower food prices in July, 1976, which may be a statistical aberration. The index for Juneau is probably closer to 100.0.
3. Yakutat has a significantly higher cost-of-living than the rest of Election District 5, probably due to its greater isolation. It was therefore reported separately.
4. Seward is part of the Kenai-Cook Inlet Borough Schools, but has a slightly higher cost of living, comparable to Kodiak.
5. Not enough price information was available to compute an index for Election District 12. However, except for transportation, costs are similar to or below those for Dillingham. The number in brackets is that for Dillingham.
6. Election District 15 shows a wide variation in costs. McGrath is unusually high, while Nenana and Tanana are much lower. The number chosen reflects our best guess of the probable District average.
7. Nenana and the Upper Railbelt REAA are located on the Parks Highway, and have probable costs of living slightly higher than Fairbanks but much lower than Election District 15 as a whole.
8. The Nome-Kotzebue area seems to be characterized by costs of living somewhat below some of the rural areas to the south and east. A good case could be made for increasing the allotment for Northwest Arctic, since the costs were computed for the regional center.
8. Index reflects costs of living at the regions' main towns, which may bias the index downward for the District as a whole.

TABLE 1: A COMPARISON OF THE ALASKA DEPARTMENT OF EDUCATION'S
INSTRUCTIONAL UNIT ALLOTMENT TO A COMPOSITE TOTAL
CONSUMPTION INDEX BY ELECTION DISTRICT
(Anchorage = 100)

Election District (Districts or REAA Affected)	Current Instructional Unit Allotment (Without isolation factor or minimum percentage)	A Total Consumption Index Adjusted to Election Districts
(Craig, Hydaburg, Ketchikan, Klawock, Chatham, Annette Island)	100.00	100.0
(Kake, Petersburg, Wrangell)	103.75	105.0
(Sitka)	103.75	105.0
(Juneau, Southeast Islands) ²	100.00	95.0
(Haines, Hoonah, Pelican, Skagway)	107.50	107.5
(Yakutat) ³	107.50	115.0
(Cordova, Valdez, Copper River, Chugach)	115.00	112.0
(Matanuska-Susitna)	103.75	102.5
(Anchorage)	100.00	100.0
(Seward) ⁴	107.50	(112.5)
(Kenai)	107.50	110.0
(Kodiak)	107.50	112.5
(King Cove, Unalaska, Aleutian Chain, Pribilof Islands, Adak) ⁵	126.25	(152.5)
(Bristol Bay, Dillingham, Southwest Region, Lake and Peninsula)	126.25	(152.5)
(Lower Kuskokwim)	130.00	160.0
(Galena, Kuspuk, Iditarod Area, Yukon- Koyukuk) ⁶	133.75	160.0
(Nenana, Upper Railbelt) ⁷	133.75	115.0
(Fairbanks, Delta/Greely, Alaska Gateway)	111.25	112.5
(Yukon Flats)	133.75	137.5
(Nome, Northwest Arctic) ⁸	133.75	155.0
(North Slope) ⁹	133.75	160.0
(Bering Straits) ⁹	126.25	155.0
(Lower Yukon)	130.00	160.0

THE COST OF FOOD IN ALASKA — JUNE 1977

(Average retail prices of 45 items in 13 Alaska cities — compiled by the
Economics Department, Alaska Agricultural Experiment Station and the U.S. Department of Agriculture)

Food Item	Unit	8%												
		0%	4%	4%	0%	8%	12%	Local	15%	0%	4%	12%	55%	55%
		Ketchikan	Petersburg	Sitka	Juneau	Seward	Kodiak	Seldovia	Yakley	Anchorage	Palmer	Fairbanks	Delta	Nome
Flour	10 lb.	2.53	2.53	2.16	2.04	2.82	2.47	2.56	2.74	2.15	2.45	2.62	3.71	3.75
Ice	28 oz.	1.66	1.61	.89	1.80	2.02	1.98	1.91	.97	1.79	1.87	1.89	2.71	2.28
Corn Flakes	18 oz.	.99	.98	.94	.98	1.07	1.03	.99	1.09	.91	.98	1.09	1.43	1.47
Bread, white	1 1/2 lb.	.76	.79	.86	.72	1.20	.84	1.20	1.04	.96	.96	.91	1.49	1.47
Round steak	1 lb.	2.02	2.39	2.13	2.50	2.14	1.94	2.11	2.61	1.49	2.05	2.01	3.44	2.96
Chuck roast	1 lb.	1.32	1.22	1.62	1.24	2.16	1.33	1.12	1.64	1.09	1.73	1.12	2.41	2.43
Hamburger	1 lb.	1.14	1.08	1.01	1.00	1.29	1.09	1.14	1.39	1.06	1.06	1.21	1.76	1.75
Pork chops	1 lb.	1.98	2.08	2.33	2.02	2.15	2.07	2.41	2.19	2.43	2.23	2.70	2.83	3.01
Bacon	1 lb.	1.66	1.54	1.96	1.89	2.09	1.91	1.79	1.74	1.94	1.99	1.95	3.16	2.82
Wieners	1 lb.	1.14	1.08	1.31	1.39	1.69	1.54	1.42	1.79	1.35	1.67	1.57	2.98	1.82
Frying chicken	1 lb.	.98	1.05	.98	1.10	1.35	1.09	.99	.97	1.63	.94	1.46	1.89	1.58
Tuna fish	6 1/2 oz.	.90	.80	.83	.78	.83	.83	.78	.89	.75	.85	.83	1.01	.94
Milk, fresh	1/2 gal.	1.31	1.42	1.27	1.30	1.77	1.40	1.77	1.76	1.42	1.44	1.90	2.72	2.88
Ice cream	1/2 gal.	1.66	1.93	1.76	1.81	1.92	2.13	1.94	1.99	1.68	1.68	1.86	3.02	3.04
Butter	1 lb.	1.35	1.42	1.39	1.50	1.79	1.69	1.46	1.72	1.40	1.66	1.44	2.05	2.13
Milk, evaporated	14 1/2 oz.	.43	.43	.44	.60	.51	.44	.44	.54	.42	.42	.42	.59	.64
Milk, powdered	12 oz.	4.08	3.92	4.13	4.02	4.61	.44	4.34	4.49	4.12	4.51	4.32	4.70	3.47
Eggs, fresh	1 doz.	.75	.81	.79	.86	.97	.77	.94	1.17	.84	.97	.80	1.76	1.56
Orange juice, frozen	12 oz.	.92	.88	.81	.88	.96	1.01	1.02	1.37	.84	.84	.95	1.48	1.22
Apples	1 lb.	.59	.54	.61	.57	.59	.79	.71	.62	.64	.51	.60	.89	.99
Honey	1 lb.	.39	.36	.42	.44	.41	.65	.54	.59	.42	.48	.79	.82	.94
Oranges	1 lb.	.92	.84	.86	.80	.89	.48	.48	.70	.89	.42	.58	.72	.78
Potatoes	1 lb.	.18	.20	.17	.18	.21	.29	.29	.30	.29	.19	.27	.47	.38
Onions	1 lb.	.31	.26	.29	.27	.49	.39	.48	.42	.41	.46	.29	.49	.41
Carrots	1 lb.	.36	.43	.41	.49	.41	.59	.53	.44	.49	.51	.47	.74	.87
Lettuce	1 lb.	.36	.38	.35	.45	.59	.69	.62	.67	.39	.57	.67	1.04	.89
Cabbage	1 lb.	.27	.28	.27	.41	.39	.45	.51	.51	.33	.56	.37	.75	.62
Tomatoes, fresh	1 lb.	.76	.62	.69	.83	.82	1.05	1.04	.94	.87	.62	.87	1.12	1.45
Grapefruit juice	46 oz.	.94	.91	.99	.99	1.09	1.04	1.07	1.26	.95	1.03	1.03	1.51	1.56
Tomato juice	46 oz.	.90	.91	.91	.94	1.02	.98	.97	1.18	.83	.94	.90	1.29	1.32
Pears	No. 2 1/2 can	.81	.76	.72	.78	.81	.85	.81	.84	.79	.79	.69	1.18	1.19
Peaches	No. 2 1/2 can	.81	.84	.73	.82	.83	.99	.85	.89	.89	.79	.61	1.16	1.17
Fruit cocktail	303 can	.58	.60	.70	.60	.68	.62	.61	.64	.58	.56	.56	.83	.88
Corn	303 can	.47	.41	.47	.44	.43	.54	.46	.55	.48	.41	.47	.79	.71
Tomatoes, canned	303 can	.62	.62	.83	.53	.79	.60	.53	.60	.58	.92	.69	.88	.83
Baby foods	4 1/2 oz.	.22	.25	.23	.23	.29	.26	.23	.26	.21	.29	.23	.37	.35
Coffee	3 lb.	13.10	11.83	12.84	11.60	14.24	14.49	13.20	14.67	12.51	13.42	13.22	18.81	14.25
Salt or cooking oil	48 oz.	2.55	3.23	2.36	2.15	2.89	2.80	2.62	3.10	2.41	2.37	2.34	3.58	3.26
Margarine	1 lb.	.63	.65	.74	.64	.74	.69	.73	.84	.67	.73	.69	1.41	.90
Mayonnaise	1 qt.	1.71	1.76	1.57	1.72	1.91	1.77	1.70	2.12	1.58	1.67	1.79	2.63	2.24
Cola drink	6 pack	1.66	1.67	1.60	1.61	1.96	1.89	1.93	2.07	1.64	1.76	1.44	2.74	2.79
Beans, dried	2 lb.	.90	.95	.92	.94	.97	1.01	.78	1.52	.97	.96	1.04	1.74	1.62
Sugar	10 lb.	2.08	2.75	2.11	2.62	3.32	2.82	2.87	3.60	2.83	2.69	2.81	4.71	3.69
Potato soup	10 1/2 oz.	.30	.29	.26	.27	.31	.27	.29	.35	.27	.26	.39	.41	.41
Cream of mushroom soup	10 1/2 oz.	.32	.32	.29	.30	.34	.30	.31	.39	.31	.32	.39	.58	.50
NEW TOTAL		60.52	59.76	69.94	60.04	70.45	66.14	65.50	72.60	60.17	64.26	63.65	92.12	91.17
% of SEATTLE		120	119	123	123	146	133	132	147	122	130	131	197	193

Facts

CLIMATE
Alaska's climatic zones are maritime, transition, continental and arctic.

Maritime includes Southeastern, the Aleutian Chain and the immediate coastal areas of the Gulf Coast. Temperatures are comparatively mild, and precipitation — mostly rain — is heavy, from 50 to 200 inches annually along the coast and up to 400 inches on the mountain slopes.

Transition from maritime to continental lies between the Coast Mountains and the Alaska Range and includes Anchorage and the Matanuska Valley, as well as the Bering Sea Coast, which is too severe to be maritime but is milder than the Interior or Arctic. Winter temperatures are higher than the maritime climate, winter temperatures lower and precipitation less.

Continental covers the majority of the body of Alaska except the coastal fringes and Arctic Slope. It has extreme high and low temperatures and light precipitation.

Arctic, north of the Brooks Range, has cold winters, cool summers and desertlike precipitation. The arctic ice pack usually descends on the shore in early October and retreats in mid-July to late August.

Comparative Costs - State of Alaska

Survey

ITEM	KODIAK 12%	FAIRBANKS 12%	CORDOVA 15%	VALDE
<u>SEWERAGE</u>	<u>REA</u>	<u>MUS</u>		
1st 50	.16	1st 100	.075	1st 75
2nd 50	.12	next 300	.060	next 125
next 100	.10	next 600	.045	next 200
over 200	.07	over 1,000	.040	next 400
+ fuel surcharge (a % of total usage)		minimum charge 4.75		over 600
		<u>GVEA</u>		+ .0197 sur
		1st 100	.1000	
		next 1400	.0537	
		over 1500	.0471	
<u>WATER</u>	10.00		5.00	12.00
<u>SEWER</u>	(increase to 15.00 in '75) 5.00	included in property assess.		9.00
<u>GARBAGE</u>	3.50	" " " "		8.00
		however, landlords charge apt tenant \$8.00/mo		
<u>FUEL OIL</u>				
in storage	#1 54.4	#1 63.9	#1 57.0	#1
delivered	#2 53.9	#2 61.9	#2 56.0	#2
<u>APPT. LEVEL</u>				
2-bedroom	\$350 to \$400	\$335 to \$550	\$300 to \$435 furnished	\$600 F
<u>TELEPHONE</u>				
1 party	13.35	10.35	5.75	
3 or more	12.00	6.50	4.75	
<u>TV RENT</u>	17.71	no charge	21.84	
<u>BASKET OF</u>				
meat	.809	.82	.77	
vegetables	.849	.86	.825	
dairy	.859	.88	.825	
<u>WATER</u>	15.00	14.00	\$10-\$14	
<u>WATER</u>	22.75 to \$2.00	\$26.75 to \$52.00	\$41	meter



6.00	7.00	5.00	Summer 50.00	9.00	n/a	58
10.00	18.00	14.00		18.00	n/a	12.00 "July" 10.00 "Jan"
90.88	97.26	61.20		87.00	114.20	

HB

749

225-9658
225-9659



640 Park Avenue
Post Office Box 8340
Ketchikan, Alaska 99901

CHAIRMAN
Richard Madden

TREASURER
Kathy Pesterfield

CLERK
Allen Strahle

MEMBER
Lucille Hedrich
Estelle Thompson

January 24, 1978

Representative Terry Gardiner
Alaska State House of Representatives
Pouch V
Juneau, Alaska, 99811

Dear Representative Gardiner:

Enclosed you will find several resolutions passed by the Southeast Island School District Board at their regular meeting on January 19, 1978. As each resolution requests the enactment of specific legislation, the following comment is to provide rationale for, and to clarify, the Southeast Island School District's position on each request:

I. Instructional Unit Value (Resolution No. 78-3):

The last session of the Legislature passed SCS CSIB 212, one section of which adopted a new set of cost differentials for determining instructional unit allotments. The final bill, which incorporated elements of previously introduced bills, especially SB 225, used cost differentials based upon a composite cost-of-living index developed by the Institute of Social and Economic Research, University of Alaska (see attached letter from Governor Jay Hammond to Senator John Rader, page 4, last paragraph).

During the last session, I wrote to you expressing my concerns regarding the proposed change in instructional unit value (letter of March 18, 1977, attached). You responded that the bill, at that stage, maintained the 5% isolation factor and, furthermore, that a grandfather clause would prevent any reduction in funding (letter of March 25, 1977, attached). That, of course, would have been completely acceptable, so that I did not comment further upon the bill. In the final days of the session, the bill was apparently modified so that the isolation factor was dropped, while the grandfather clause was established for only a one year period.

The net result of the bill is that rural districts in the same geographic area, and therefore with some of the similar cost problems, were given higher instructional unit values than the Southeast Island School District. This District,

however, has some unique problems which are not faced by these other centralized rural Southeast districts and which further add to its operating costs. The following are offered as examples:

- A. Board travel: The Southeast Island School District Board members must travel from their respective communities for meetings in a central location, at a cost of approximately \$1,000.00 per month.
- B. Federal funds: Due to the cultural and economic makeup of its population, this District receives proportionately less Federal funding than most, if not all, Alaskan school districts. As a result, supplemental programs have to be funded with basic instruction monies.
- C. Travel by certificated staff: Our Special Education and Correspondence Programs rely upon itinerant staff who travel throughout the District to 16 schools and a number of other locations in an area from Ketchikan to Frederick Sound. The delivery of these programs is costly in terms of both time and money, but additional funds are not provided to meet this additional burden. For example, in a centrally located district, a special education teacher may provide daily instruction to relatively large numbers of children, while in this District it may take a teacher 4-5 days to travel and provide a program for a single child. The special education program is currently subsidized by basic instruction and Federal funds, with the latter expected to diminish by 30% in FY 1979.
- D. Building relocation: Due to the transiency of logging operations, school buildings have to be frequently moved and reinstalled at the new locations.
- E. Inservice training: Again due to the geographic remoteness of the District, inservice training for teachers is an extremely costly item.

Finally, attached are: (1) a copy of a letter to Michael Scott of the Institute for Social and Economic Research; (2) his response, which clearly indicates weaknesses in the data used; and (3) as an example, a copy of the "Transportation Cost Index, 1976" from the Alaskan Interregional Cost Differentials prepared by the Institute for Social and Economic Research. Note how the cost for the Southeast Island School District is that of Ketchikan, while the cost for neighboring rural school districts (Craig, Klavock, Hydaburg, Annette Island) are all considerably higher.

As a result of the above factors, the Southeast Island School District Board is requesting that the instructional unit value be adjusted so that it is comparable to that of other rural Southeast school districts. As a new district, Southeast Island School District would like to develop relevant instructional programs, provide new programs in the areas of music and art, and make inservice opportunities available to its teachers so that their expertise may be kept up to date. If the instructional unit value is amended, it is expected that a large portion of the additionally generated funds (approximately \$80,000.00) would be used for these purposes.

II. Correspondence Study (Resolution No. 78-4):

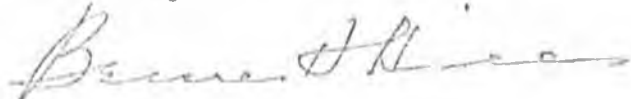
At the time that Alaska State-Operated School System was decentralized, it was assumed that all educational programs would be placed under control of the R.E.A.A. Boards. The intent of SB 35 was successfully carried out at both the Department of Education and R.E.A.A. levels, with the single exception of the correspondence study program. While some school districts do not offer and therefore have a need for a centralized State program, this District has an excellent correspondence program and does not have such a need.

III. Unemployment Compensation Benefits (Resolution No. 78-5):

This resolution, which is related to the first resolution, requests the Legislature to modify the unemployment compensation laws so that all school district employees on normal school vacations do not qualify for benefits. This is of great importance to Southeast Island School District due to the transiency of the population and the large number of classified employees (mostly part time instructional aides for the correspondence and special education programs, but also including clerical, secretarial and custodial personnel). Southeast Island School District has a normal working force consisting of 60 classified employees. In 1977, a total of 41 classified employees were terminated. In each case, the termination was due to the employee moving to another community. In addition, all classified employees had normal school vacations as did certificated staff. If legislative relief is not provided, the burden on this District of the costs for terminated employees and employees on normal vacations will be detrimental to current programs, especially in view of the anticipated reduction in the Southeast Island School District instructional unit value.

Your consideration of these matters will be greatly appreciated. Please contact me at 225-9658 if you have any questions.

Sincerely,



Bruce H. Hill
Superintendent

BL:js

Incl.

cc: Richard Madden, Jr.,
Chairman, Southeast Island School District Board



707 A Street, Suite 205
Anchorage, AK 99501

UNIVERSITY OF ALASKA

FAIRBANKS, ALASKA 99701

INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

Mr. Bruce H. Hill, Superintendent
Southeast Island School District
640 Park Avenue - P. O. Box 8340
Ketchikan, AK 99901

April 29, 1977

Dear Mr. Hill:

Thank you for your letter of April 26. First of all, you have pointed out several facts regarding local conditions in the Southeast Island School District which, as you so clearly demonstrate, make the use of Ketchikan as the point at which living costs are computed misleading. Early in the process of computing costs for the REAA districts we decided to use the headquarters town as the basis for the district, recognizing that in doing so, we were in effect sweeping under the rug a myriad of intra-district distribution and transportation problems for which consistent data were not available for all (or even most) districts, except at costs in project time and effort that neither funding nor time constraints permitted. The problem is common to most REAA's in the state.

Secondly, I would like to give you my thoughts on what might be done about the problem. Variability of cost within a district is very great - for example, you mention that in SISD transportation costs increase air freight by 75 to 100 percent, and that air fares vary from \$42.00 to \$140.00. In addition, one must determine in what proportions it is appropriate to assume that groceries, for example, move by sea or air to each community in SISD to determine the proper weighted average premium in grocery prices above Ketchikan prices. The first alternative, that of simply adjusting the cost of living as determined at the regional center for intra-district costs, appears to be impractical for the reason that extensive additional data collection on freight movements within a district (and probably all REAA's) would be necessary.

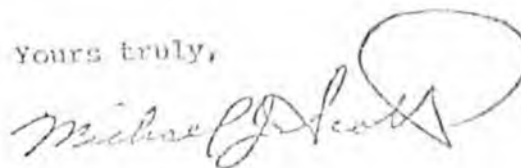
A second alternative would be to adjust the "isolation factor" in the funding formula to reflect the higher costs of doing business in communities within districts which are relatively isolated and costly places in which to live. This would be over and above any "isolation factor" for the district as a whole, and apart from the provision which lets you count isolated schools as separate attendance centers. I don't know what the

new factor would be, but looking at your data, I tentatively conclude that it may well be far above the traditional 5 percent.

A third alternative would be to do a comprehensive and extensive statewide cost of living survey, and to do it right, with adequate time and resources committed to the task. This has been recommended in the legislature from time to time, but it has never been done, so far as I am aware. The allocation of funds from several state programs, plus several Federal ones, might well be improved by a well-supported survey of high professional quality repeated at reasonably frequent intervals. However, the expense of doing this for more than just a few places probably renders this alternative impractical as a solution to the specific problems you raise in your letter because virtually every city, town, and village in the state would have to be surveyed.

Finally, I am referring your letter and my reply to Dean Coon at CNER and Nat Cole at the Department of Education, because I am in complete sympathy with your views on the matter of intra-district cost variation, because DOE may wish to take your comments into account, and because I think they should be aware of reactions to our study at the district level. I also urge you to send copies of your letter to your fellow superintendents, as I am sure they share your feelings and may also want to comment. Good luck.

Yours truly,



Michael J. Scott
Assistant Professor of Economics

MJS/ra

- cc: Dean Coon, CNER
Nat Cole, Department of Education
Richard Madden, Chairman SUSD Board ✓
Representative Oral Freeman
Representative Terry Gardiner
Senator Robert Ziegler
Representative Charles Parr
Senator Glenn Hackney
Representative Steve Cowper
Senator John Sackett

Table 2.7

Transportation Cost Index, 1976¹

District or REAA and Place	Annual Local Transportation Cost, Less Gasoline	Annual Gasoline Cost (auto only) ³	Annual Intercity Transportation Cost ⁴	Total Transportation Cost	Total Cost as a Percent of Anchorage
Anchorage	\$1,196 ²	\$469	\$ 0	\$1,665	100.0
Boistol Bay (King Salmon)	1,196	430	698	2,324	139.5
Ordova	1,196	469	385	2,050	123.1
Craig	1,196	364	311	1,871	112.4
Dillingham	1,196	500	824	2,520	151.4
Fairbanks	1,196	508	0	1,704	102.3
Galena	925	0	628	1,553	93.3
Maines	1,196	469	454	2,119	127.3
Hoonah	1,196	469	322	1,987	119.3
Hydaburg	1,196	469	336	2,001	120.2
Juneau	1,196	469	0	1,665	100.0
Kake	1,196	469	811	2,476	148.7
Kenai	1,196	492	210	1,898	114.0
Ketchikan	1,196	467	0	1,663	99.9
King Cove	325	0	2,280	2,605	156.5
Klawock	1,196	364	336	1,896	113.9
Kodiak	1,196	470	636	2,302	138.3
Kiwanuk-Susitna (Palmer/Talkeetna)	1,196	475	216 ⁵	1,887	113.3
Nenana	1,196	515	288 ⁶	1,999	120.1
Nome	1,196	506	1,034	2,736	164.3
North Slope (Barrow)	925	0	1,020	1,945	116.8
Pelican	325	0	598	923	55.4
Petersburg	1,196	469	531	2,196	131.9
Selawik	925	0	1,410	2,335	140.2
Sitka	1,196	469	404	2,069	124.3
Stegsøy	1,196	469	484	2,149	129.1
St. Marys	925	0	1,020	1,945	116.8
Unalaska	1,196	430	2,672	4,298	258.1
Upernivik	1,196	469	315	1,980	118.6
Wrangell	1,196	469	473	2,138	128.4
Yakutat	325	0	502	827	49.1

Notes: See end of table.