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INDIA

HB

637

STATE OF ALASKA  
THE LEGISLATURE

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


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 29, 1980

SUBJECT:            ost settling for social services, etc.  
                    Work Order Number (7795)

TO:                 Representative Charles H. Parr

FROM:              David T. Walker   
                    Co-Revisor of Statutes

Your request for reintroduction of CSHB 432 gave me the opportunity to do some "clean-up" work on the bill. I do not believe any of my changes are substantive - mostly they relate to use of the technique of repealing and reenacting and to clarifying that the cost settling technique is applicable to the purchase of services for all persons under the state's responsibility, not just to child care agencies.

I hope that these changes meet with your approval.

DTW:ljb

Enclosure

September 19, 1979

Representative Charles H. Parr  
SR Box 50599  
Fairbanks, Alaska 99701

Dear Representative Parr:

You are one of our State's leading legislators and we need your help!

Alaska Children's Services (ACS) is committed to providing quality residential childcare to our State's most troubled children. In fiscal year 1979 we provided more than 23,000 days and nights of tender loving care and professional treatment for 956 unwanted, abused, neglected and delinquent children and youth. Some of these children are from the district you represent in the State Legislature. More than 95% of the children we serve are in the custody of the State's Department of Health and Social Services through either the Division of Corrections or the Division of Social Services.

Alaska has some of the most stringent childcare, health, safety and fire codes in the nation. Our statutes were written to be in the best interest of children. For this you and our other law makers are to be commended. However, it costs a great deal to implement these statutes and regulations. Providing adequate funds to do this is also a legislative responsibility.

We at ACS want to work hand in hand with the Legislature and the Department of Health and Social Services in providing the very best care and treatment possible for these unfortunate and troubled children and youth. Even though we have a so called "full cost of care statute", AS 47.40, it falls far short of reimbursing agencies for the full cost of caring for state placed children. In 1979 our agency had to raise \$143,000 from private contributions to subsidize state placed children. Many of our employees -- who are the real substitute parents for these children -- worked for less than the minimum wage simply because our request for adequate reimbursement rates have consistently been denied by the State. One such former employee is now suing us for back wages charging that we were in violation of Alaska Statute 21.10.

We need your help to change some of the laws that place heavy fiscal burdens on our childcare agencies and we need your help in obtaining adequate reimbursement for the full implementation of those laws and regulations which are in the best interest of children. Meanwhile, we need your help in getting adequate legislative appropriations for those line items in the State budget from which we are reimbursed for taking care of, and providing treatment for children the state places with us.



**Alaska Children's Services**

1200 East 27th Avenue  
Anchorage, AK 99504  
(907) 276-4515

Serving Alaska's  
Children through:

• Jesse Lee Home

• Group Homes:

Aquarius House

Collett House

North Star House

Mary Johnson House\*

• Emergency Shelter Services\*

(\*located on the Anchorage  
Children's Christian Home  
Campus)

Jointly founded by the  
American Baptist,  
American Lutheran and  
United Methodist Churches

Member:

United Way of Anchorage  
Child Welfare League  
of America

Specifically, the problems are as follows:

1. The Division of Corrections owes ACS in excess of \$35,000 for services provided in FY 1979. We have been informed that we will not likely receive payment for this until a supplemental appropriation is approved by the Legislature. This, of course, cannot occur until next spring. Last year we waited 11 months to be paid \$17,000 carried over by the Division of Corrections from FY 1978. How can we collect what the State owes us now for FY 1979?

2. Because of FY 1980 budget constraints the Division of Corrections has decided not to place any additional children in our care. This will have the long run effect of increasing the cost of care rate for next year since fixed expenses remain relatively the same whether the occupancy rate is 75% or 100% of state licensed capacity. What is going to happen to the Division of Correction's youth who need residential treatment? Will they not be "on the street" only to get into more serious difficulty with the law and ultimately require more extensive and expensive treatment and/or incarceration? How can we keep our rates reasonable without full placement utilization?

3. The Commissioner of the Department of Health and Social Services has determined not to grant any cost of living increase with our current reimbursement rates due to FY 1980 budget constraints. Inflation has increased our cost at least 10%. For July and August this has resulted in a \$30,000 short fall, which will grow to more than \$150,000 by the end of the fiscal year. How can this agency fiscally survive the year? Does not AS 47.40.040 state that cost of care rates shall include a proportionate share of anticipated cost of living and staff salary increment increases for the fiscal year for which the cost of services is being determined?

4. To curb expenditures sufficiently to stay within the current reimbursement rates we would have to terminate several staff members. We cannot legally provide the coverage necessary for the supervision and treatment of the troubled and unwanted children now in our care should this be done. Most normal families do not want to become foster parents for "these kind of children and teenagers." They either have no homes or families to which they can be returned or the ones they have are not safe or viable. What is going to happen to the children in our care and treatment programs if we are forced to terminate staff?

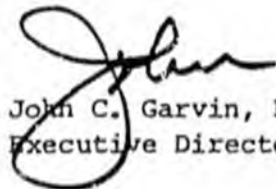
5. During the 1980 legislative budget process the Administration requested \$6,989,833 for institutional childcare. The Legislature reduced this by nearly one half million dollars. The Commissioner states that she is committed and legally responsible to keep the Department of Health and Social Services expenditures within this reduced appropriation. ACS which has a long history, 90 years,

Page Three  
September 19, 1979  
Representative Charles H. Parr

of providing quality care for Alaska's needy children cannot fiscally survive on the reimbursement rates established by the Department within the Legislature's appropriation. How can the Department's request of \$6,989,883 be restored in order that they may be able to reimburse us more adequately?

1979 has been designated "The year of the child." ACS is stretching to its maximum ability to provide the very best residential childcare and treatment for Alaska's most troubled and needy children. We cannot do it alone. We and the children of our state need your help in finding a solution to our fiscal crisis. At your earliest convenience I, or one of our Board members, would welcome the opportunity to meet with you to discuss this pressing matter. Please call me at 276-4515 or let me know what additional information is needed. Can we count on you and the next session of the Alaska State Legislature to provide the resources necessary to keep serving Alaska's "troubled kids?"

Respectfully yours,



John C. Garvin, Ph.D.  
Executive Director

JCG/rv

POSITION PAPER  
ON  
HOUSE BILL NO. 637

"An Act relating to the purchase of services by the state for persons under its responsibility; and providing for an effective date."

House Bill 637 redefines the procedures and policies for care purchased by the State from private institutions, group homes or foster care homes for children and young adults under the Department's supervision or custody.

The bill would require that the Department adopt regulations within one year from the effective date of the Act governing standards of reasonable and allowable costs for purchase of such services. The Department would be required to pay interim daily rates using "standard industrial cost-accounting principles" plus a cost-of-living increase. At the end of the fiscal year, a cost settlement between provider and the Department is made based on the actual costs incurred compared to the amount the provider has received from the State. Another major change is the allowance of depreciation and replacement costs of major property and equipment in determining reimbursable costs by the State.

Current Situation

The Department presently purchases care for these children under 47.40 of the Alaska law which is titled "Purchase of Service," but is more commonly referred to as "Full Cost of Care." Both the Department and providers of care have expressed dissatisfaction with the present law and its lack of flexibility to respond to current changing situations in a timely manner. In response to this, the Department has asked the Governor to introduce legislation which would allow us the flexibility to design such a system through negotiating contract procedures. This bill was introduced as House Bill 704.

The "Full Cost of Care" law now provides funds for the maintenance of the child (food, clothing, allowances, heat, light, transportation, etc.) as well as the program provided by each individual institution. The program costs are reflected in staff salaries. Costs specifically excluded by the law include fund raising, construction, major equipment, and other capital expenditures, depreciation, religious training and education, and services provided which are substandard to, or exceed, the requirement of the Department. Section 47.40.040(a) describes how the rate shall be set based on the previous years expenditures and days of service provided by the individual agencies. The method of rate computation has caused a great deal of dissatisfaction with the child care agencies and the State in that it is inflexible and based on year old conditions and costs.

Discussion Items

1. All reference to "full" cost in the "purchase of services" statute should be changed to reasonable or allowable in accordance with regulations. The statute stating it pays full cost of care, yet excludes many expenses has been a source of confusion and litigation. Since H.B. 637 would permit the Department to define by regulation standards of "allowable cost which are reasonable and necessary," it is likely that the Department may not pay for all costs associated with the child's care as certain items such as religious training will continue to be excluded from reimbursement. The same confusing situation will exist. Such reference to payment of "full cost" in the bill are on:
  - a. Page 1, line 18.
  - b. Page 1, line 28.
  - c. Page 2, line 8.
2. Page 2, line 1 and 2 - We are unaware of any standard accepted "industry cost-accounting principles for fixed and variable costs" for the purchase of care for children. We interpret this to mean cost-accounting principles accepted by the AICPA (American Institute of Certified Public Accountants). We support the use of generally accepted cost-accounting principles utilized by the profession in the State.
3. Page 2, line 1 - We would recommend modifying the "per-person, per-day costs" to be based on total beds being maintained and available and not based on occupancy. The Department has found itself under the current law paying for the cost of vacant beds.
4. Page 2, line 4 - The bill states that the inflation increase is based on the Department of Labor cost-of-living index. In checking with the Department of Labor, we found that the appropriate title for this index is the United State Department of Labor, Bureau of Labor Statistics Consumer Price Index. The Bureau provides an index for both Anchorage and Fairbanks, Alaska. We would recommend a change reflecting the formal title of this index.
5. Page 2, line 5 - We recommend that the definition of salary increases include benefits. We have found that although base salaries in many child care institutions are low, many institutions provide free lodging, meals, and transportation in lieu of additional salary, which often brings their total compensation in line with salaries in the current market.
6. Page 2, line 14 - We would recommend that replacement costs continue not to be reimbursable under the purchase of services statutes. Since the bill would already be covering depreciation, we believe this would be duplicative. Also, it may serve as an

avenue of potential abuse for institutions who received their building through donations could as well bill the State for costs necessary to replace the building if became antiquated and needed replacement.

7. Page 2, line 15 - It would be extremely useful to clearly state that depreciation may not be claimed for buildings acquired by donation, rather than purchase. The public may be paying for the cost of the building twice - once through charity donations and again through tax dollars for the care purchase by the State provided in that institution.
8. Page 2, line 20 - We would recommend that the rates be based on reasonable and allowable costs as defined by regulations, rather than on actual cost incurred. This may avoid confusion in the future, when an institution provides services beyond which the State normally provides or cares to purchase (i.e., swimming pool). The State would pay only up to the level defined by regulation and not all dollars spent by the provider to care for the child.
9. Page 2, line 26 - We would recommend that the effective date be changed to July 1, 1981. We believe we could do a better job administratively if we had one year to prepare for the new process. We would have to write and issue new regulations; hold public hearings; revise forms and manuals; hold training sessions for providers and department staff; and advise provider groups accordingly. If this recommendation is accepted, we would see no objection to the regulations becoming due shortly (90 days) after the bill becomes effective, rather than one year later.

Department Position

Although the Department believes that the contracting approach to purchase of services found in H.B. 704 is preferable, we could support H.B. 637 if the changes noted in this position paper are accepted. We, too, recognize the need to revise Alaska "purchase of services" law in order to make it more responsive to current situations and to make reimbursement more cost-effective and appropriate.

Approved by:

Helen D. Beirne  
Helen D. Beirne, Commissioner  
Department of Health and Social  
Services

3/21/80  
(DATE)

(10) "intoxicated person" means a person whose mental or physical functioning is substantially impaired as a result of the use of alcohol;

(11) "office" means the office of alcoholism within the Department of Health and Social Services;

(12) "treatment" means the broad range of emergency, outpatient, intermediate, and inpatient services and care which may be extended to alcoholics and intoxicated persons, including diagnostic evaluation, medical, psychiatric, psychological, and social service care, vocational rehabilitation and career counseling. (§ 1 ch 207 SLA 1972; am § 4 ch 116 SLA 1978)

Effect of amendment. — The 1978 amendment inserted "or through a grant awarded under AS 47.30.475" in paragraph (3).

Quoted in Peter v. State, Sup. Ct. Op. No. 1112 (File No. 2185), 531 P.2d 1263 (1975)

### Chapter 40. Purchase of Services.

Section	Section
10. Purchase of services	50. Services
20. Licensing and supervision	60 — 70. [Repealed]
30. Required accounting procedures	80. Definitions
40. Determination of full cost of services	

Sec. 47.40.010. Purchase of services. (a) When the department purchases services for persons for whom the state has assumed responsibility under the laws of the state, the department shall

- (1) adopt regulations establishing the levels of care to be provided;
- (2) determine the rates of payment for the full cost of services required;
- (3) pay all expenses related directly to the full cost of services at the levels of care required;
- (4) make the placement of persons in accordance with the levels of care provided for in the regulations.

(b) Services of jails and other penal institutions may not be included in services purchased by the state in this chapter. (§ 1 ch 136 SLA 1977)

Sec. 47.40.020. Licensing and supervision. Anyone providing services which are purchased by the department under this chapter shall, if required by the department, be licensed and supervised in the same manner as boarding homes, foster homes and other institutions provided for in AS 47.35.010 — 47.35.080. (§ 1 ch 136 SLA 1970)

Sec. 47.40.030. Required accounting procedures. Anyone who solicits or receives funds from the department for the cost of services provided under this chapter shall

- (1) meet accepted standards of fiscal accountability for public funds and shall, upon request, submit a complete financial statement by an independent, certified public accountant to the department and to the division of legislative audit;

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(2) upon request before the meetings provided for in AS 47.05.010  
demonstrate the actual cost of services offered using cost  
accounting procedures as provided for by the department;

(3) upon request, furnish the division of legislative audit all fiscal  
information, books, records, and accounts pertaining to services paid for  
under this chapter. (§ 1 ch 136 SLA 1970)

Sec. 47.40.010. Determination of full cost of services. (a) In this  
chapter, "full cost" of services shall be determined by the per person,  
per day cost in the preceding fiscal year plus a proportionate share of  
participated cost of living and staff salary increment increases for the  
fiscal year for which the full cost of services, determined to be necessary  
by the department, is being determined. Child care costs for foster  
homes shall be computed in the same manner as for child care and  
boarding home institutions except that no salary costs may be considered.

- (b) Full cost of services does not include the following:
  - (1) expenses, including salaries and fees, incurred in raising funds;
  - (2) funds expended for construction, major equipment and other  
capital expenditures;
  - (3) depreciation and replacement costs of, and costs of additions to,  
property and equipment;
  - (4) religious training and education; and
  - (5) services provided which are substandard to, or exceed, the  
standards of the department. (§ 1 ch 136 SLA 1970)

Sec. 47.40.050. Services. When determining the levels of service to be  
provided by the department shall consider program services as outlined  
in the Catalogue of Functional or Program Service Categories  
published by the United Funds and Councils of America, September  
1969. (§ 1 ch 136 SLA 1970)

Sec. 47.40.060. Temporary placement.  
Repealed by § 1 ch 210 SLA 1970.

Note. — The repealed section  
was from § 1, ch. 136, SLA 1970.

Sec. 47.40.070. Permanent placement.  
Repealed by § 1 ch 210 SLA 1970.

Note. — The repealed section  
was from § 1, ch. 136, SLA 1970.

Sec. 47.40.080. Definitions. In this chapter  
"anyone" means any person, city, organized borough and private  
charitable institution or agency;  
"services" means family, child welfare and nonprofit nursing  
services but does not include health, hospital, profit-making  
nursing homes or medical services.

Supplement

(3) "department" means the Department of Health and Social Services. (§ 1 ch 136 SLA 1970; am § 2 ch 210 SLA 1970; am § 55 ch 71 SLA 1972)

Legislative history report. — For report on ch. 71, SLA 1972 (HCSSB 383 am H), see 1972 House Journal, p. 898.

### Chapter 45. Alaska Longevity Bonus.

<p>Section</p> <p>10. Persons who may qualify for longevity bonus</p> <p>20. Continuous eligibility procedures</p> <p>30. Absence from the state</p> <p>40. Disqualification</p> <p>50. Department hearing</p> <p>60. Local remedy</p> <p>70. Unqualified persons</p> <p>80. Accrual of bonuses</p> <p>90. Alaska longevity bonus fund</p> <p>100. Powers and duties of the administrator</p>	<p>Section</p> <p>110. Custody of funds</p> <p>120. Exemption from taxation and process</p> <p>130. Death or cessation of residency</p> <p>140. Penalty for false statements</p> <p>150. Definitions</p> <p>160. Applicability of Administrative Procedure Act</p> <p>170. Purpose</p>
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Editor's note. — Section 2, ch. 205, SLA 1972, provides: "AS 01.10.030 does not apply to this Act. If any provision of this Act, or the application of a provision of this Act to any person or circumstance is held invalid,

this entire Act shall be considered invalid. Legislative history report. — For report on ch. 205, SLA 1972 (FCCS HCS 211), see 1972 House Journal, p. 751.

Sec. 47.45.010. Persons who may qualify for longevity bonus. (a) A person who is 65 years of age or over, who was domiciled in the territory on or before January 3, 1959 and who has maintained a continuous domicile in the territory or state for 25 years may apply to the commissioner of administration for qualification to receive a monthly bonus of \$150.

(b) When the commissioner of administration determines that an applicant qualifies under this chapter he shall immediately begin payment of the bonus.

(c) A person who otherwise qualifies to receive a bonus provided for in this chapter may continue to do so only as long as he continuously retains a domicile in the state. (§ 1 ch 205 SLA 1972; am § 1 ch 83 SLA 1976; am § 1 ch 89 SLA 1978)

Effect of amendments. — The 1976 amendment increased the monthly bonus in subsection (a) from \$100.00 to \$125.00.

The 1978 amendment increased the monthly bonus in subsection (a) from \$125.00 to \$150.00.

Legislative history report. — For report on ch. 33, SLA 1976 (SB 476 am), see Senate Journal, p. 160.

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THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 637

Title "An Act relating to the purchase of services by the state for persons under its

Requested by House HSS Date 4/16/80

Title cont.  
responsibility; and providing for an effective date."

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services

Program Category Affected Social Services, Justice, Health

BRU, Program, or Subprogram(s) Affected Admin. and Support - Audit

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		125.8	98.0	111.0	124.0	140.0
200 TRAVEL		20.1	10.0	21.0	25.0	25.0
300 CONTRACTUAL		.0	1.1	1.3	1.4	1.6
400 COMMODITIES		1.0	.8	.9	1.0	1.1
500 EQUIPMENT		2.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			1) See Note 1 below			

TOTAL

150.3 \* 118.0 \* 134.2 \* 149.4 \* 167.7 \*

FUNDING (Thousands of Dollars)

\*Does not include costs in 700 lines as result of cost settling.

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		150.3*	118.0*	134.2*	149.4*	167.7*
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		3	2	2	2	2
PART TIME						
TEMPORARY						

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

Note 1:

During 1978 rate hearings were held for "full-cost-of-care" as required in AS 47.40.70. Inflationary rate increases were established and the costs for the first six months of that year were reviewed. Based on that information rate were believed to be sufficient to pay for the full-cost-of-care. A review of FY 1979 provider costs revealed costs exceeded actual payments by \$352,723.81. It may be reasonable to assume that the FY 81 cost settlement would be at least equal and probably greater.

Assumptions:

- Actual impact cannot be estimated for expenditures related to costs to be allowed under this bill, as no data base exists. Other line items reflect 7% inflation.

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

Prepared by: Cecora Bille Date: April 16, 1980  
Division/Office: \_\_\_\_\_ PH: \_\_\_\_\_  
Department of Health & Social Services

33-001 (Rev. 12/79)  
Modify by DHSS (11-28-79)

Approval DHSS Mgt. & Bdgt. [Signature] Date: 4/16/80

2. Costs above reflect increase in administrative expense only.
3. All positions full year budgeted.
4. Salaries reflect current contracts plus 7% increase in calendar year 1982.

Program:

1. Personal Services

- a. Two range 18 Field Auditors  
Salary FY 81  
2465 increases to 2640 1-1-81  
  
FY 82  
2736 increases to 2928 1-1-82  
Benefits total 28%

Program:

- b. Social Worker IV Position for FY 81 only.

This position is needed to enable the Department to promulgate regulations this fiscal year, including levels of care and standards of allowable costs. The position would also carry out an implementation plan including developing facility forms, guidelines, and information packets. Finally, the position would provide ongoing expertise in residential child care and develop strategies to enable providers to upgrade the quality of their treatment programs.

2. Program Plan

These additional auditors will be required to perform lengthy and complex fiscal audits to establish and revise rates of reimbursement for contract providers of service.

The complex financial arrangements made by some current providers include holding companies, lease back agreements, donated property and similar complications, all of which preclude an accurate cost estimate.

Classification	Minimum Qualifications	Salary(3)	Classification	Minimum Qualifications	Salary(4)	Difference*
Asst I	High School graduation/or GED	\$1140mo	Houseparent (live in position) (2)	High school graduation or GED	\$3.60hr (5)	NA I - 83%
Asst II	6 months at Nurs. Asst I level	1277mo				NA II- 106%
Counselor I	High school graduation plus 1 yr college or 1 yr casework	\$1533mo	Youth Worker	High school graduation plus 2 yrs college or 2 yrs exp. in residential care facility	\$5.45 (6)	62%
Counselor III	High school graduation plus 3 yrs college or 3 years casework	\$22,200 year	Unit Supervisor	Bachelor degree in behavioral sciences plus 2 years of experience	\$13,860 year	60%
Worker II	M.S.W.	\$22,200 year	Social Worker	M.S.W.	\$17,640 year	26%
Treatment Supervisor	Bachelor degree in social sci. plus 2 years admin superv. in group living--corr. facility	\$29,580 year	Program Director	M.S.W. or Masters in Couns. Psych plus 2 yrs experience	\$21,420 year	38%
Services Director	Masters in clinical psych, couns. soc. wk + 4 yr diagnostic wk in clinical setting	\$32,472 year	Director, Clinical Services	M.S.W. plus 4 years experience	\$23,940 year	36%
Executive Director	Experience required varies & is dependent upon type of institution up through masters work	\$34,140 year	Executive Director	M.S.W. plus 5 years superv. or management experience	\$35,000-38,000 (7)	(3% higher)
Director, Personnel	Bachelor's degree	\$23,088 year	Director, Personnel	Bachelor degree plus 2 yrs experience	\$17,640 year	31%
Typist III	High school graduation plus 1 yr cler exper.	\$15,324 year	Word Processing	High school graduation plus 2 years proj resp. clerical experience	\$11,340 year	35%
Typist II	High school graduation plus 6 mo clerical experience	\$14,484 year	Receptionist/Typist	High School plus 6 month experience	\$11,340 year	28%
Accounting Clerk III	High school graduation plus 3 yr exp., 1 at Acct Clk II level	\$17,280 year	Computer Operator/Bookkeeper	High school graduation plus 3 yrs experience	\$13,860 year	25%
Maintenance Man	Journeyman level w/several skill specialities	\$9.52 hour	Maintenance Leadman	3 years experience; journeyman level; 3 specialities	\$6.66 hour	43%
Custodian	Qualified level, but not journeyman	\$7.94 hour	Maintenance Worker	High school graduation plus 2 yrs exper.--1 speciality	\$5.45 hour	46%
Cleaning Aide Wkr WG X	Ability to perform work	\$6.94 hour	House Manager (cook/housekeeper)	Family housekeeping	\$3.60 hour	93%

\*Approximate percentage increase required to bring residential care rates to same pay level as State.

HB

651

# STATE OF ALASKA THE LEGISLATURE

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

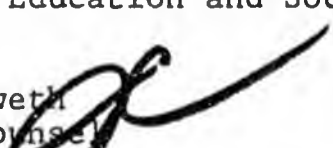
## LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 11, 1980

SUBJECT: Effect on land and land grant assistance of establishment of a separate Alaska Community College System, HB 651

TO: Representative Thelma Buchholdt, Chairman House Health, Education and Social Services Committee

FROM: John B. Chenoweth, Legislative Counsel 

At the committee hearing of March 10th, members of the committee posed two questions, both bearing on the effect of establishment of a separate community college system on lands now held by or for the benefit of the University of Alaska.

The first question concerned the propriety of the legislature's designation of a second educational institution and the receipt by it of a portion of federal land grant assistance. In a 1976 memo, prepared in conjunction with an earlier version of community college legislation, the Agency suggested that it saw no problem in establishing institutions of higher education in addition to the land grant college originally designated:

"Federal land grant aid is based upon the Morrill Act and subsequent legislation incorporated under 7 U.S.C. 301-349. Under the Morrill Act federal land or land script was donated to the states and the proceeds from the sale of the land or script was placed in a trust fund to be used 'to the endowment, support and maintenance of at least one college where the leading object shall be, without excluding other scientific and classical studies and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts in such manner as the legislatures of the states may respectively prescribe, in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life.' (7 U.S.C. 304).

March 11, 1980

"The Morrill Act applied only to states and did not provide federal aid for territorial colleges. Consequently, the University of Alaska originated from a land grant enacted by Congress in 1915. The Act provided for the donation of certain federal lands to be leased by the Territory to provide operating expenses for 'the support of a territorial agricultural college and school of mines when established by the Legislature of Alaska' (P.L. 63-181, section 1). Section 2 of that 1915 Act of Congress provided federal lands as a site for the territorial college and school of mines. The original territorial college, therefore, was not created under the same conditions and procedures as were state colleges under the Morrill Act. Nevertheless, the successor to the original territorial college and school of mines has been and still is treated by the federal government as if it were a land grant college under the Morrill Act.

"Assuming then that the University of Alaska is a 'land grant' college as that term has been used in relation to the Morrill Act, the first question to be addressed is whether a state which already has an existing land grant college can create a separate postsecondary educational institution which could also be classified as a land grant college for purposes of receiving federal land grant aid. This question has been specifically answered by the courts. In State of Wyoming ex rel Wyoming Agricultural College v. Irvine 206 U.S. 278 (1906), the Wyoming Agricultural College, which was that state's original land grant college, contested the appropriation of federal land grant monies to the University of Wyoming, which was established several years after the Wyoming Agricultural College was founded. The plaintiff claimed that federal land grant monies were appropriated directly to land grant colleges and, as such, the state could not reallocate these monies to different educational institutions. The Supreme Court disagreed. It held that federal land grant monies are appropriated to the states - not to specific institutions - and the states, acting through the legislatures, could create additional institutions which could qualify for aid (206 U.S. at 283). The court's ruling was codified under the agricultural extension act which provided that if a state had two or more land grant colleges, federal land grant aid for extension programs 'shall be administered by such . . . colleges as the legislature of such state [or] territory . . . may direct' (7 U.S.C. 341)."

Representative Thelma Buchholdt

Page 3

March 11, 1980

The Committee members' second question concerned particular parcels or tracts of land held by the University.

A 1976 study for the University, prepared by Charles E. Tulin and Dale Tubbs and published as a "Manual of University of Alaska Lands" identifies the University lands by parcel and catalogs the holdings into seven categories

- (1) "Site lands", the lands within the Tanana Valley, the site of the principal campus of the system at Fairbanks, conveyed to the Territory of Alaska by the Act of March 4, 1915, 48 U.S.C. 354;
- (2) Section 33 lands, reserved from townships 33 for the benefit of the University by the 1915 Act, 48 U.S.C. 353, and granted to the State by the Statehood Act;
- (3) 100,000 acre lands, authorized by the Act of January 21, 1929, 48 U.S.C. 354a, providing that the University might select up to 100,000 acres of vacant non-mineral, surveyed, unreserved public lands;
- (4) Experiment Station lands, withdrawn by the U. S. Department of Agriculture for experimental station purposes, and subsequently conveyed to the University by the United States Government;
- (5) Gift lands, provided by private gifts and endowments;
- (6) Purchased lands, acquired through purchase from private and public sources; and
- (7) Leased lands, held by the University under lease-purchase or similar arrangement.

The report indicates that the various categories of lands are subject to differing restraints on alienation. Since committee members limited expressions of concern only to tracts or parcels which clearly related back to the original federal acts providing for conveyance of these lands, the first three categories of the preceding paragraph, I will limit discussion to these.

"Site lands", by the Act of 1915, are required to be "forever reserved and dedicated to use as a site for an agricultural college and school of mines," and constitute a revocable

grant. The 1915 Act does not authorize disposition of the lands, thus the four sections included in the Fairbanks campus site may not be reconveyed from University ownership.

Section 33 lands, that is, the various sections 33 of townships in the Tanana Valley, were reserved to the territory for the benefit of an agricultural college and school of mines by the same 1915 Act, but subject to different strictures. The original statute precluded "sale or settlement," but specifically permitted the lease of these lands, with use of the proceeds or income from these lands to be invested and the income to be expended "for the exclusive use and benefit of . . . the agricultural college and school of mines, . . . in such manner as the Legislature of Alaska may by law direct." The Statehood Act, P.L. 85-508, sec. 6(k), repealed provisions of the 1915 Act, granted to the State the lands previously reserved to the Territory, but imposed the additional condition that the Statehood Act land grant was "for the purposes for which [the lands] were reserved [under the 1915 Act, §353]." Thus, the state received title to the Section 33 lands as the corpus of a trust for the benefit of the state's university system.<sup>1/</sup>

The 100,000 Acre land, were originally granted by a 1929 Act, codified as 48 U.S.C. 354(a), and were subject to extensive limitations and conditions. Sale or disposal of these lands was, however, permitted, with the principal stipulation that sale proceeds be deposited into an account in the state treasury for the benefit of the University. The parallel state statute is AS 14.40.400, amended in secs. 3 - 5 of HB 651 to recognize the proposed community college system.

---

1/ Whether Section 33 lands may be sold or otherwise disposed of is an unresolved question. Relying on the provision in 48 U.S.C. 353 prohibiting sale or settlement of these lands as surviving repeal of that section by the Statehood Act, the Tullia-Tubbs report concludes that sale or disposal is precluded. In a 1978 memo, this Agency reached the opposite conclusion, suggesting that the repeal of §353 by the Statehood Act removed the impediment. However, the latter determination is without legal effect in that the legislature has specifically authorized only lease of these lands, with income to go for the benefit of the University under AS 14.40.360. HB 651 recognizes the applicability of the community college system's sharing in this income: see AS 14.42.300.

Representative Thelma Buchholdt

Page 5

March 11, 1980

I suggest that, with respect to both Section 33 lands and those which derive from the so-called 100,000 acre category, the state legislature has latitude to determine that these lands may benefit a separate community college system as well as the University of Alaska corporation. The decision in Irvine earlier cited suggests that the legislature has discretion in the expenditure of land grant funds. There is no comparable court decision that considers the discretion which the legislature enjoys with respect to land when it authorizes establishment of a separate institutional system. But policy arguments, when coupled with reference to the land grant enabling legislation, 7 U.S.C. 301 - 308, suggest that, where, as with HB 651, the legislature is proposing to establish a community college system "as part of a comprehensive statewide system of degree and nondegree programs," where the course work offered by the community colleges provides both "practical education . . . in the several pursuits and professions of life," and a liberal education that does not exclude "other scientific and classical studies," -- the tests of the "rounded education" required to be provided by a land grant college, 7 U.S.C. 304 -- and where Congress has not required that land grant colleges provide a full course of instruction at only one location, the legislature may establish a community college system as an extension of the state's university system, to introduce postsecondary education to students at locations closer to their homes, without sacrificing the benefits received by the state's land grant status.

The matter of title to lands is admittedly not entirely clear. The committee may wish to consider additional language, to be added in sec. 18(a), to the effect that, where title to property may not be conveyed to a community college because of restrictions or limitations included in the grant of lands used for the benefit of a unit of the community college system, the Board of Regents shall enter into a long-term lease with the Board of Trustees of the Community College System by which the latter may have exclusive use of the facility or parcel for a period of years specified by statute.

JBC:ljb



UNIVERSITY OF ALASKA  
FAIRBANKS, ALASKA 99701

March 7, 1980

Representative Thelma Buchholdt, Chairperson  
House HESS Committee  
112 State Capitol  
Pouch V  
Juneau, Alaska 99811

Dear Representative Buchholdt & Committee Members:

House Bill 651, which you are now considering, would separate the Community College system from the University of Alaska. As Vice President of the Board of Regents and as an Alaskan citizen, I wish to bring your attention to four of the many issues that arise relative to the proposed split.

First, the University of Alaska is an integrated system of senior colleges, community colleges, Rural and Cooperative Extension Service Centers, fisheries and agricultural programs and many other services reaching every corner of the State. We cannot draw lines that would neatly put Community Colleges on one side and the University of Alaska on the other. There must continue to be full mutual access between the University and the people of Alaska. The constitutional mandate of the University and the proposed mandate of the Community Colleges would overlap in far too many areas. House Bill 651 would not create two complementary systems, but rather would invite duplications and confrontations on boundaries that are not and cannot easily be defined. We believe that would not be in the interests of the people of Alaska.

Second, we see immense potential in the present structure to provide integrated, coordinated educational services to the people of Alaska. No one is more aware than the Board of Regents is of the painful growth and development we have experienced to achieve this potential. House Bill 651 would dismantle that structure just as it is prepared to prove itself to be one of the great assets of the people of Alaska.

Third, the University of Alaska, in its entirety, is a small University. Seattle University, Portland State, Chico State and many other schools of modest size are larger than the University of Alaska. Providing maximum benefit from our capital, human and educational resources for a widely scattered population, is already our foremost challenge. Dividing those resources under two separate Boards and two separate Administrations is not the best use of resources, nor is it sound educational development.

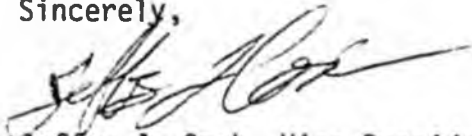
And finally, House Bill 651 cannot relieve the Board of Regents of its constitutional responsibility to make the educational resources of the State University available to all citizens of the State. The Community Colleges are vital to the mission we accepted. Their removal would leave us with the same task, but with a drastically reduced capacity to respond.

UNIVERSITY OF ALASKA

To: Representative The!ma Buchholdt  
From: Regent Jeffrey J. Cook  
Re: House Bill 651  
Date: March 7, 1980  
Page 2

Many Legislators have expressed satisfaction with the tremendous strides that the University has made in the development of educational services. We now ask your support for continuation of a unified system of public higher education in Alaska.

Sincerely,



Jeffrey J. Cook, Vice President  
Board of Regents

JJC:hr

CC: Jay Barton  
Edward B. Rasmuson  
Members of the Board of Regents  
Representative Joyce Munson, Vice Chairman - House HESS  
Representative Vernon L. Hurlbert  
Representative Bill Miles  
Representative Ramona L. Barnes  
Representative M. F. Beirne  
Representative C. V. Chatterton

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 651 (introduced 1/31/80)  
 Title An Act establishing the Alaska Community College System  
 Requested by Representative Buchholdt Date 3/11/80

II. FISCAL DETAIL

Agency Affected University of Alaska  
 Program Category Affected Education  
 BRU, Program, or Subprogram(s) Affected All University of Alaska  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
800 MISCELLANEOUS	-0-	5,450.0	5,995.0	6,594.0	7,254.0	7,979.0
TOTAL	-0-	5,450.0	5,995.0	6,594.0	7,254.0	7,979.0

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	5,450.0	5,995.0	6,594.0	7,254.0	7,979.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	0	60	60	60	60	60
PART TIME						
TEMPORARY						

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

See Attachment.

IV. DATE 3/11/80 PREPARED BY [Signature]  
 AGENCY University of Alaska  
 PHONE 479-7593  
 Original: Legislative Finance  
 Budget and Management  
 Prime Sponsor (First Legislator Named)

A. Assumptions:

1. 10% inflation per year following FY81.
2. All support functions under the proposed Community College System would be totally independent and separate from the current University of Alaska system.
3. No program expansions or reductions are included in the fiscal data.
4. The Community College System Statewide offices would be based in Anchorage.

B. Program Summary:

1. Positions - An estimated 60 new positions would need to be added to perform all the functions presently being performed by the University of Alaska system. A few of these positions (approx. 15%), could be transferred from the University of Alaska. It is impossible to be precise without several months of detailed planning when the bill is enacted.
2. Types of Expenditures - The following table identifies, by function, the level of expenditure required to create a separate administrative structure for the proposed Community College System.

a. Board of Trustees expenses	\$150,000
b. Data Processing Network	1,400,000
c. Financial Administration/Purchasing	333,000
d. Payroll	275,000
e. Institutional Studies	180,000
f. Admissions and Records	370,000
g. Financial Aid Administration	360,000
h. Facilities Planning/Construction	408,000
i. Rural Facility Maintenance	111,000
j. Public Information Office	118,000
k. Student Services	360,000
l. Legal Services	250,000
m. Risk Management	750,000
n. Property Control	65,000
o. Additional Leased Office Space	150,000
p. Labor Relations Management	80,000
q. External Audit	90,000

Total \$5,450,000

Approximately \$800,000 could be transferred from UA (800,000)

Net Increase to State (GF) \$4,650,000

3. Exclusions - The above data does not attempt to assess the fiscal impact on other institutions which presently deal with one university system. Other institutions include the Alaska Commission on Postsecondary Education, Alaska Department of Administration, and Alaska Department of Revenue.

C. Agency Comments: The University of Alaska is not in favor of the proposed HB 651. The principal reasons include:

1. When dealing with two entirely separate institutions, students attending the Community College System would have significantly greater problems with the transfer of credits than at present.
2. Dividing the University of Alaska at a time when the State's policies with respect to postsecondary education are not clearly defined would result in:
  - a. further confusion about the allocation of resources for post secondary education;
  - b. greatly expand the competition for resources dedicated to education; and
  - c. result in costly and needless duplication of programs within the state.
3. The creation of the Community College System would necessitate a costly, duplicative, and unneeded bureaucracy in higher education.
4. While more populous states (such as California) have multiple systems of higher education Alaska still has one of the lowest population levels in the nation. Accordingly, the University of Alaska feels that the small population base does not warrant more than one public system of higher education.
5. A division of the University of Alaska would result in substantial amounts of litigation for a number of years. At present, many contracts are in force which affect multiple institutions. Lands, buildings, and property would need to be divided, and many federal grants and contracts would need to be renegotiated.

6. The currently pooled resources of the University of Alaska would be divided into fractional components, which would diminish the effectiveness of either institution in solving many of the state's problems, especially in rural education and crosscultural educational programs.

# STATE OF ALASKA

## ALASKA COMMISSION ON POSTSECONDARY EDUCATION

HB 651  
file in  
H+SS room

JAY S. HAMMOND, GOVERNOR

POUCH F-5 STATE OFFICE BUILDING  
JUNEAU, ALASKA 99811  
(907) 465-2855

### MEMORANDUM

TO: Members of the House HESS Committee

Thelma Buchholdt, Chairman	Vernon L. Hurlbert
Ramona Barnes	Bill Miles
W. F. "Mike" Beirne	Joyce Munson
C. V. "Chat" Chatterton	

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

DATE: February 23, 1980

HB 651, an act establishing the Alaska Community College System, is before your committee for consideration. In your deliberations it may be useful to have available some general background information. Much of this information may have already been submitted through various testimonies, but I felt it might be beneficial to have it summarized in one place.

#### A. Community College Structures

In examining the governance structures for community colleges in the fifty states, one finds a variety of approaches. These can be categorized into six basic types for summary purposes, but it should be remembered that a great deal of variation may exist between approaches included under one category. The most important point to be made is that no one type is always successful or always a failure. There are strengths and weaknesses to each, and there are advocates and critics of each. No single approach can be held up as the only, or best approach for other than subjective reasons.

<u>Structure</u>	<u>Number of States</u>
No community colleges	2 (SD and IN)
CC's part of university	4 (AK, HI, KY, NY)
Separate CC board - no coord. board	7
Separate boards with a coord. board	28
One statewide ed. bd. for all educ.	5
CC's divided between bd's.	4
	<u>50</u>

B. Transfer of Credits

Transferability of credit is not a product of the governance structure, or at least, it should not be. A student attending a public institution should be given the information as to exactly which credits will or will not transfer to other in-state public institutions; and further, if the credits do transfer, the student should know if the credits apply toward major degree requirements. This can be achieved with a single system or a totally independent system, with or without a statewide coordinating board.

C. Accreditation

If accreditation problems exist currently, they would probably continue to exist under a different structure. Each institution is presently seeking its own accreditation, so creating a new separate system should not adversely affect this process. In other words, accreditation should not be a prime determinate in the current deliberations.

D. Educational Goals

The goals of a community college are different from the goals of a university. This is well-established. In fact, a nationwide study of over 1,000 persons, conducted in 1976 by Dr. Leonard Romney of the National Center for Higher Education Management Systems, documented, or attempted to document, these differences. Trustees, administrators, and faculty were asked to rank twenty goal areas for their institution. Those goals ranked highest by community college representatives were quite different from those ranked highest by doctorate-granting universities. For example: trustees, administrators, and faculty in community colleges ranked "meeting local needs" as 2nd, 1st, and 2nd, respectively; while those doctorate-granting university representatives ranked it as 16th, 15th, and 15th, respectively. Conversely, doctorate-granting university trustees, administrators, and faculty ranked "academic development" as 2nd, 1st, and 1st, respectively; while community college representatives ranked it 13th, 7th, and 9th, respectively.

Whether or not a single administration and single board can encompass these divergent philosophies is of course at the center of the current issue. As with so many of these questions, the answer may be people-dependent rather than structure-dependent. Within some states a single board and administration is both lauded and criticized. The same is true for those states with separate boards. The decision as to which structure is the best for which state is a question for the Legislature, and ultimately, the people to answer.

E. Administrative Efficiency

Efficiency is usually measured as a relationship between cost and output. In education this becomes extremely difficult to measure, especially in any objective fashion. Costs, of course, can be readily identified, and there are few who would argue that two separate systems will not require additional costs.

Output, in an educational sense, relates to actual changes in the lives of people. To simply quantify outputs in terms of credit hours produced or degrees granted is a disservice. If this is recognized, the question then becomes one of whether or not the educational outputs and services would be better under one structure than another. This is also a philosophical issue which must be addressed on a state by state level. Would one structure or the other be educationally better for Alaska? Would one structure or the other better promote the services and programs of community colleges in Alaska? These are the questions to be answered.

F. Enrollment Data

Enrollments in Alaska's community colleges have expanded by more than 400 percent in the last eight years. Some of this increase is attributable to expansion of the community college system, but the majority of the increase is an absolute increase in the percentage of the population receiving educational services from the community college system. In terms of headcount, in 1978-79, the community colleges accounted for 62.6% of the students enrolled for credit in the University of Alaska. This headcount relationship is presented in Figure 1.

Peak semester enrollments are used to reflect the most individuals served at one time (semester) throughout the academic year.

Figure 2 contains data on student credit hours produced within the University of Alaska system. In 1978-79, the community colleges produced 55.2% of the total student credit hours. From these comparisons it is readily seen that Alaska's community colleges represent a large and vital portion of the public postsecondary educational resources of the State.

Full-time equivalent enrollments, those calculated by converting student credit hours to a full-time student equivalent, are presented in Figure 3.

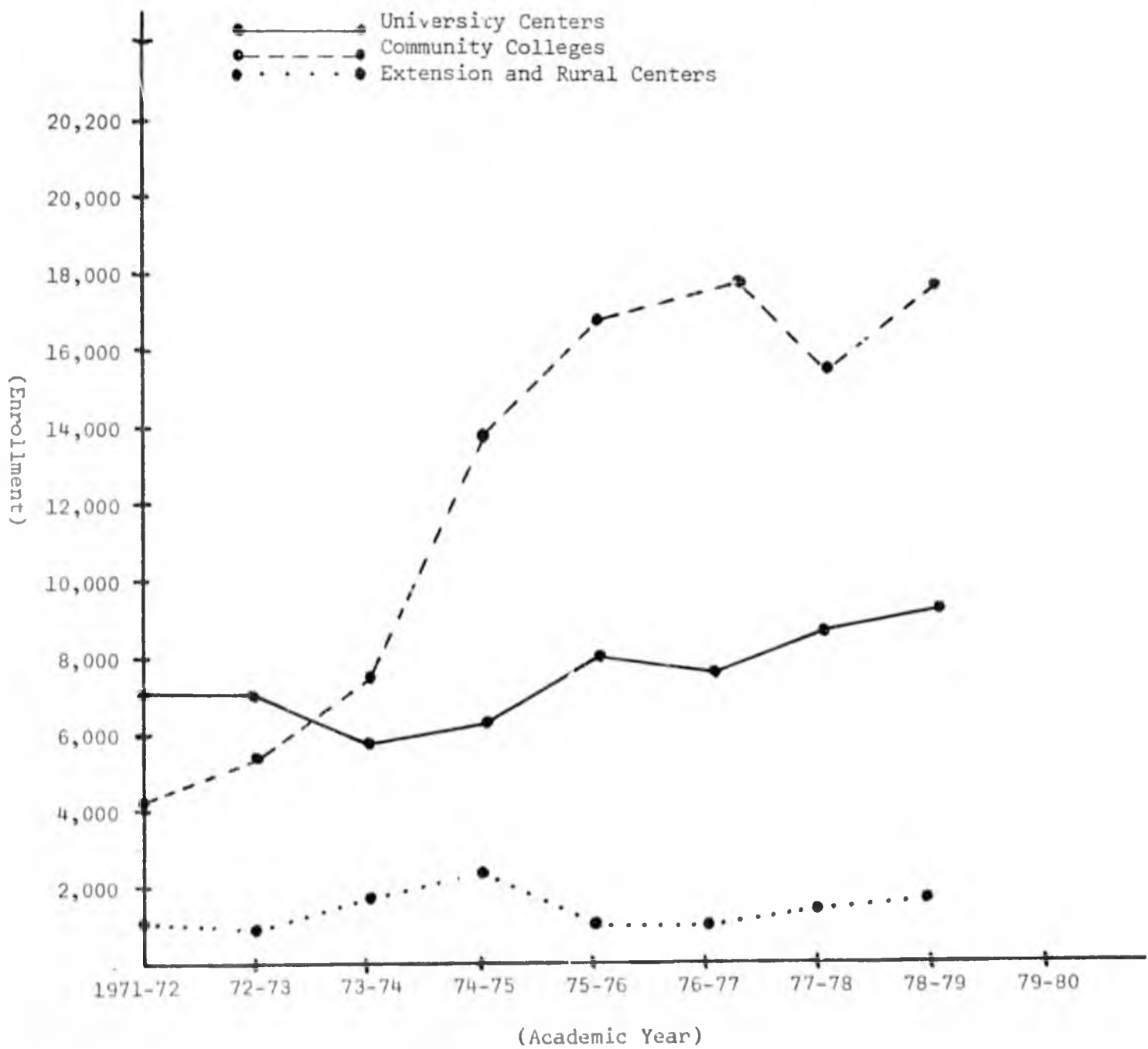


Figure 1  
 Headcount Enrollments, Peak Semester  
 1971-72 through 1978-79

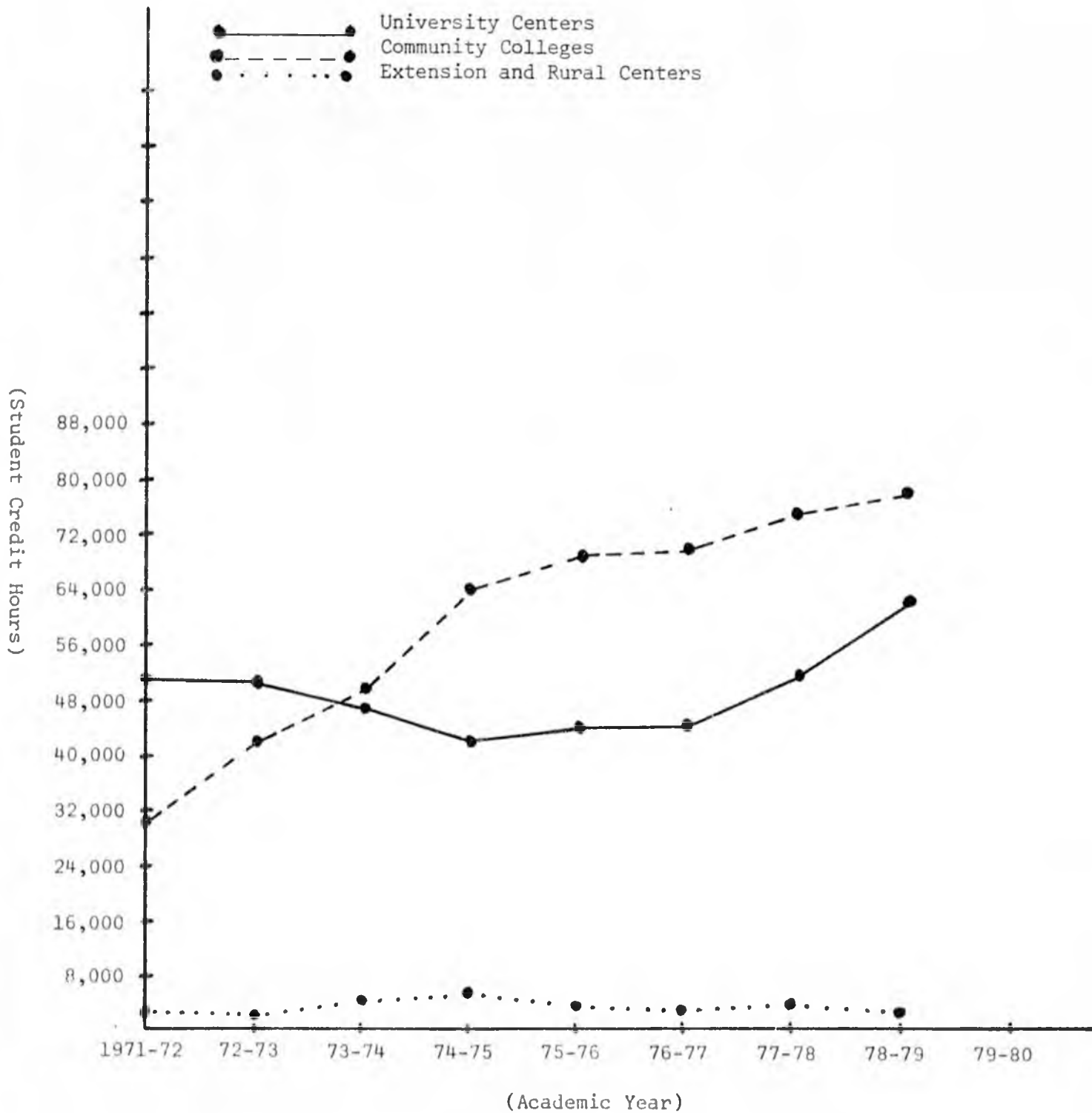


Figure 2  
 Student Credit Hour Production, Peak Semester  
 1971-72 through 1978-79

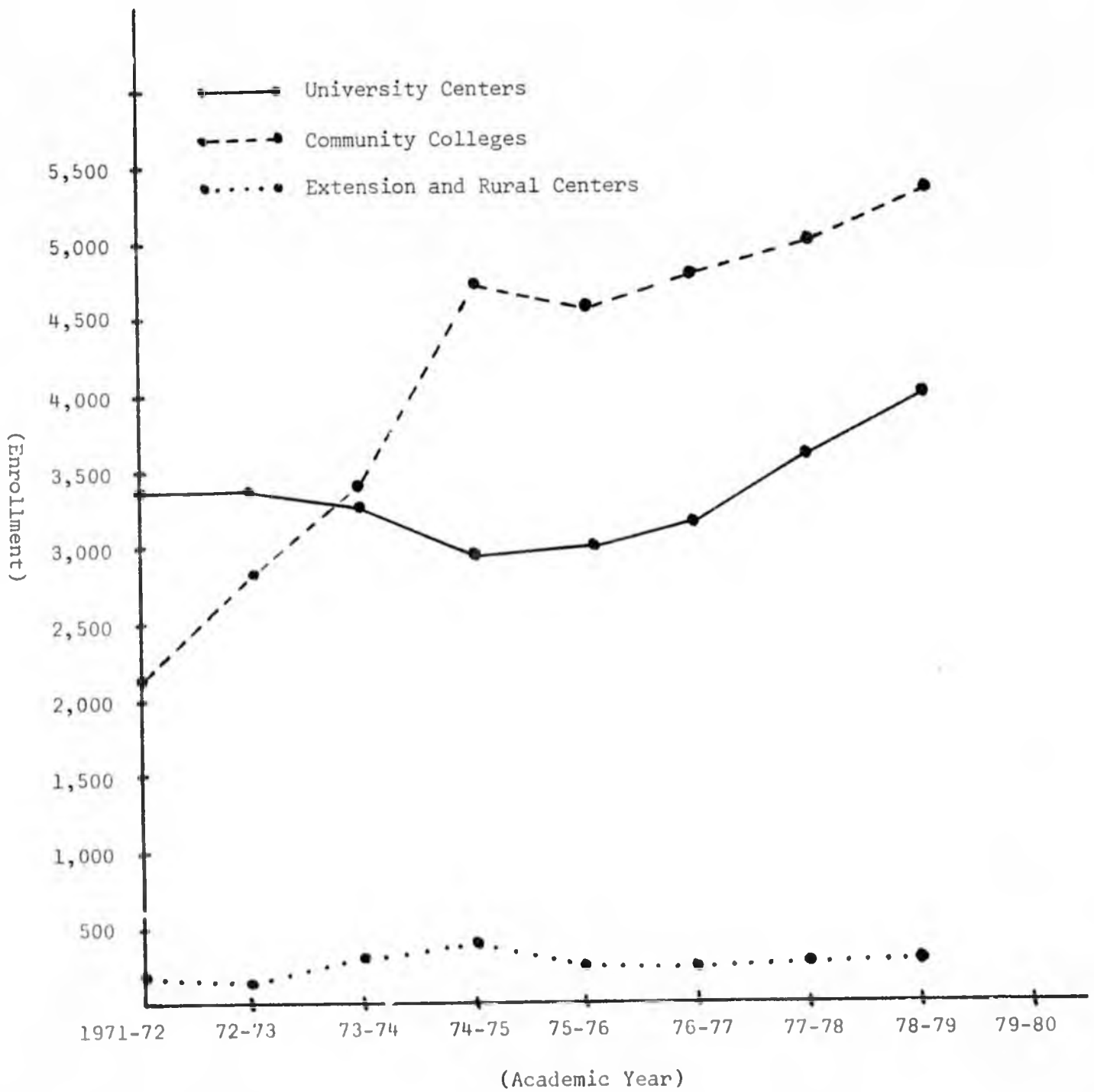


Figure 3  
 Full-Time Equivalent Enrollment, Peak Semester  
 1971-72 through 1978-79



Official Business

# Alaska State Legislature

## House of Representatives

Committee on

Health, Education & Social Services

Pouch V  
State Capitol  
Juneau, Alaska 99811

March 26, 1980

David E. Johnson, M.D.  
Ketchikan Medical Clinic, Inc.  
3612 Tongass  
Ketchikan, Alaska 99901

Dear Dr. Johnson:

I have received your letter expressing the opposition of the Ketchikan Community College Policy Advisory Council to HB 651. Your opposition will be noted in the official record of the next public hearing that the House HESS Committee holds on the bill.

Thank you for expressing the view of your PAC about separating community colleges from the state university system.

Sincerely,

Thelma Buchholdt  
State Representative  
District 9 (Spenard);  
Chair, House HESS Committee

# *Ketchikan Medical Clinic, Inc.*

3612 TONGASS  
KETCHIKAN, ALASKA 99901

H.J. Henrickson, M.D.  
D.E. Johnson, M.D.  
T.L. Conley, M.D.

Phone 225-5144  
Phone 225-5145

March 19, 1980

Honorable Thelma Buchholdt  
Pouch "V"  
Juneau, Alaska 99811

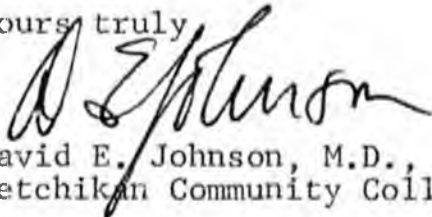
Dear Representative Buchholdt:

I am writing to follow-up my personal testimony on the teleconference on HB 651, held sometime ago. At our regular meeting last night, the Ketchikan Community College Policy Advisory Council discussed this bill in particular, and the issue of separation in general, at some length. Following careful consideration, it is our considered position that we oppose enactment of HB 651.

While there are changes in the community colleges that could be helpful, we believe that they are most effective as part of the University of Alaska. We are impressed with the information gathering that Dr. Jay Barton has done, and would prefer to continue the current relationship at this time, rather than embark upon a new organizational structure.

Thank you for providing the opportunity to us to testify on this legislation. We will continue to study this issue, and would be glad to respond further, should that be helpful in your deliberations.

Yours truly,



David E. Johnson, M.D., Chairman  
Ketchikan Community College Policy Advisory Council

cc: Honorable Terry Gardiner

Honorable Oral Freeman



UNIVERSITY OF ALASKA, FAIRBANKS  
Fairbanks, Alaska 99701

March 25, 1980

Representative Thelma Bucholdt, Chairperson  
House HESS Committee  
112 State Capitol  
Pouch V  
Juneau, Alaska 99811

Dear Representative Bucholdt & Committee Members,

The papers on which you requested a response all discuss matters related to the debt service on bonds for student centers in Fairbanks and Anchorage. One paper also discusses the budget of the ACC Electronic Technology Program.

The paper entitled "History of Student Center Bonds" is correct in saying that the University initially could not sell bonds for the Anchorage center. It was necessary to agree to earmark 35% of tuition for debt service in order to sell the bonds. Enclosed are letters which explain the bond requirements relative to the student centers.

As you will see, the University has little latitude in the management of debt service. The alternatives are spelled out on page two of Sherman Carter's letter to Bill Hogan, dated February 2.

In regard to the Electronic Technology Program budget, a 47% cut was made across the instructional budgets of all ACC disciplines when the ACC tuition shortfall became apparent. The Board of Regents submitted a supplemental request for \$350,000 to cover the shortfall. SB426 proposes to fully fund the request while CSHB60 proposes to fund it at \$250,000. If the supplemental appropriation is funded -- preferably to the amount requested -- we can alleviate some of the problems brought to your attention.

The Electronics Technology Program at ACC is a strong program for which both the Community College Chancellor and the ACC President expect to provide the fullest support possible as funds are made available. By the same token, other programs should receive the same fair consideration that the Electronics Technology Program will receive.

We would be happy to provide any additional information you require.

Sincerely,

Dennis Demmert  
Staff Assistant to the President

Enclosures

cc: Don Abel  
Jay Barton  
Sherman Carter  
Pat O'Rourke



UNIVERSITY OF ALASKA  
Statewide System of Higher Education  
Fairbanks, Alaska 99701  
March 17, 1980

TO: Dennis Demmert  
Staff Assistant to the President

FROM: Ashok K. Dhingra   
Associate Vice President for Finance

In reference to the papers that you gave me last week relating to Anchorage Community College, statements made in the said papers are not fully accurate. On the subject of Debt Service Requirements, enclosed find a copy of the letter that was recently sent to Bill Hogan. The information in this attachment responds to the concerns expressed in the papers that you provided to me.

As to the Electronic Technology program, the paper on this outlined the budget fairly accurately for this program. The above is based on information confirmed by Anchorage Community College Staff, Larry Kingry, who is the head of this division. He has provided us the following observations pertaining to the said paper.

1. FY79 travel funds were allocated to several Electronic Technology faculty but those funds were distributed from the Director's office control account.
2. Several cost saving devices were used in FY79 and FY80 by consolidating program budgets and purchasing a dry copier thus saving contractual services expenditures.
3. Travel funds for FY79 and FY80 were reduced by the legislature.
4. FY80 equipment funds were cut entirely from program budgets by the legislature. Funds allocated to the chancellor were sufficient only to cover emergency needs.
5. True inflation rate over the last several years has been greater than that funded by the legislature. As commodity prices rose, funds had to be redistributed to programs in critical areas. FY80 reductions in the 4001 and 3001 line items to some programs are the result of this redistribution.

AKD/dr

attachment



UNIVERSITY OF ALASKA  
Statewide System of Higher Education  
Fairbanks, Alaska 99701

February 27, 1980

Mr. Bill Hogan  
Aide to Senator John Sackett  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Bill:

This letter is to provide information which you requested from Ashok Dhingra regarding debt service requirements for student centers at Anchorage and Fairbanks.

Undergraduate resident students on both campuses pay \$170 per semester tuition. Additionally, at UAF, students are charged \$15 per semester for covering part of the debt service on the Wood Center. On both campuses, students pay some additional fees for different things, such as their own student organizations; but, no charge on the Anchorage campus compares with the \$15 per semester charge made to UAF students to retire debt on their student center. Additional monies as necessary, up to 25% of the fulltime student tuition, are pledged to cover the total debt service requirement on the Wood Center. At Anchorage, debt service on the student center is covered totally from part of the aforementioned \$170 per semester student tuition which these students pay.

Data concerning indebtedness on student centers is summarized below:

Anchorage student center

Original debt: \$5,000.0

Amount outstanding: \$5,000.0

Interest rate: 8.00%

Type: revenue bonds, non-registered, payable to bearer

Maturity date: May 1, 2000

Prepayment: no prepayment is allowed until 5/1/85; after that, any prepayment is subject to a 2% penalty.

Mr. Bill Hogan  
 Page 2  
 February 27, 1980

Faribanks student center

Original debt: \$4,000.0  
 Amount outstanding: \$3,076.0  
 Interest rate: 5.00%  
 Type: "Special Obligation, Installment Note" with State of  
 Alaska  
 Maturity date: June 31, 1995  
 Prepayment: no prepayment penalty

A paper which I wrote earlier this month concerning the debt service requirement on the Anchorage student center is attached. However, there are some additional related points which should be made. For FY80 and FY81, collections from the 35% tuition mentioned in the attachment are now budgeted to be used as follows:

UAA Administration and Plant	\$125.3
UAA Student Services	125.3
ACC Student Services	39.8
Operation of the Student Center	252.7

We are now using more money than is being collected from the 35% of student tuition to retire debt, since we have a past accumulation of funds. Starting in FY82, however, the only money which will be available from this source, in addition to debt service, will be the above-listed \$252.7 for operation of the student center. The other charges listed above, for the administration and plant and for student services, will need to be covered from the general fund.

To summarize--

- (1) It is not possible to prepay the indebtedness on the Anchorage student center until May 1, 1985; then, if this indebtedness is to be prepaid there will be a 2% penalty.
- (2) The indebtedness on the student center at UAF could be prepaid at any time.
- (3) The university has no money in hand or in sight to prepay indebtedness on either student center. If the state wishes to provide the university money to prepay such indebtedness, that would be fine as far as the university is concerned.
- (4) UAF students are now being required to pay \$15 per semester extra to retire indebtedness on their student center while debt service on the Anchorage student center is paid from tuition paid by students attending UAA and ACC.

Mr. Bill Hogan  
Page 3  
February 27, 1980

- (5) Because of this disparity and because the debt on the Anchorage student center cannot be paid until 1985, the state may wish now to consider covering indebtedness on the Fairbanks student center.
- (6) Since this debt is owed to the state, I assume that the legislature could simply arrange to waive or forgive this debt, rather than going through the process of appropriating the money to the university for use to repay the state.
- (7) If the legislature were now to cover outstanding indebtedness on the Wood Center, (a) UAF students would no longer need to be assessed the special \$15 per semester student fee, and also (b) the university's budget request for general fund money for FY81 could be reduced by \$210.8. This represents the amount of the \$170 per semester tuition at UAF being used for Wood Center debt service. If the above-cited debt for UAF is retired, a general fund offset in the amount of \$210.8 thus can be made in the UAF instruction component.

To keep interested persons informed about these matters, because of student lobbying with respect to prepayment of indebtedness on the student centers, and because some points in this paper differ slightly from information previously presented, I shall now send copies of this letter to the persons listed below.

Sincerely,

  
Sherman Carter

SFC:nba

cc: Board of Regents  
President Jay Barton  
Chancellors Cutler, Harrison and O'Rourke  
Mr. Ron Lehr  
Representative Brian Rogers



UNIVERSITY OF ALASKA  
Statewide System of Higher Education  
Fairbanks, Alaska 99701

February 4, 1980

TO: Chancellor O'Rourke  
FROM: Sherman Carter *Sherman*  
SUBJECT: Debt Service Requirements

This is to respond to a paper which you wrote to me dated 22 January regarding the requirement to set aside 35% of student fee collections for debt service. We previously made the interpretation that special fees such as lab fees and any receipts which might eventually be collected for such things as dormitory rentals or operating a housing system are excluded. And, it now may be possible further to expand somewhat exceptions to the 35% requirement.

Provisions to cover indebtedness on the student center are somewhat complicated. The annual debt service requirement is about \$502.0. However, the bond indenture requires that the university collect about \$754.8, that is, about 1½ times the annual debt coverage which is required. This amount must be collected and segregated. Then the amount in excess of what is needed to cover the debt service during any fiscal year may be used on the Anchorage campus, by UAA and ACC, the next year. For the current year, the state specified how that money was to be used. If the state does not so specify this in the future, we will make an equitable distribution of that money to UAA and ACC based upon the amount which each has contributed.

Stating again points made above, in FY80 we must collect about \$754.8 to service debt on the student center on the Anchorage campus. However, only about \$502.0 will actually be used to service this debt in FY80. The \$252.8 then can be used by UAA and ACC in FY81. Any collections over the \$754.8 in FY80 may be used in FY80. However, this year in order to do that, we must clear that with the legislative budget and audit committee.

The situation as I understand it, is that self-supporting courses could be given at Elmendorf AFB and Fort Richardson if the 35% debt service requirement were not involved, but with this requirement, charges cannot be such that the courses will be self-supporting. So, with the 35% debt service requirement, some such courses cannot be conducted. If this is true, and if and when we are certain of being able to cover the \$754.8 from student collections which are made in FY80, it will be permissible for all courses which are set up on a self-support basis which are conducted off campus by ACC and UAA to be excluded from the requirement to set aside 35% of collections from students to service debt on buildings on the campus. I suppose that most "self-support" courses which are conducted off campus will be by ACC rather than UAA; however, to ensure that both ACC and UAA are following the same rules, I shall send a copy of this paper to Chancellor Frank Harrison.

In FY79, student fees collected against the 35% requirement totaled \$787.397-- \$339.437 came from UAA and \$447.960 came from ACC. I do not know how much, if any of this came from self-support courses conducted off campus. I assure that

February 4, 1980

more fees will be collected in FY80 than in FY79. But, I must continue to emphasize that before instituting the change mentioned above (i.e., excluding the 35% requirement for self-supporting courses conducted off the Anchorage campus by UAA and ACC) conservative projections must indicate that the \$754.8 will be collected this year from the 35% of student tuition which is set aside. I do not yet know the financial impact of making the change underlined above, and it is not to be implemented until we can eliminate any doubt about being able to collect at least the \$754.8 in FY80.

Your paper to me asked if the legal requirement for covering bonded indebtedness was to attain only some specific dollar amount. No, it unfortunately does not simply provide for that. We must go through the drill of initially setting aside the 35% collection for debt services and then redistributing the excess collections as explained above. And, I do not want even to consider the interpretation described above with regard to self-supporting courses conducted off campus unless UAA and ACC will collect over the \$754.8. If they will, the interpretation is reasonable, in the university's best interests, permits presenting courses that would not otherwise be conducted, and does not jeopardize in any way the position of the holders of this debt.

In conclusion, Pat, I shall help you get in place the provisions underlined on the previous page, as soon as possible. To proceed to do this, please send me conservatively prepared financial projections for FY80 indicating the amount of fees to be collected by ACC in FY80 which compare with the \$447.960 cited above. Please have this information presented two ways—under procedures now in effect and under the procedure specified by the underlined provisions on the previous page. By sending a copy of this paper to Chancellor Harrison I shall ask him please to send me this same data for UAA, that is, considering that UAA contributed \$339.437 toward student center debt service in FY79, how much is UAA projected to contribute in FY80, assuming (a) current procedures remain in effect, and (b) procedure gets changed as specified by the underlined provisions on the previous page? If possible, I would like to get this data from UAA and ACC within two weeks. Then, we can see where we are. If we cannot be sure of collecting enough money for debt service in FY80 to institute the new procedure, perhaps we can fix things in another way to solve the problem for the year starting July 1, 1980.

SFC:nba

cc: President Jay Barton  
Vice President Thornbley  
Chancellor Frank Harrison  
President Ed Biggerstaff  
Vice Chancellor Stan Vaughn  
Mr. Gerry Bonotti  
Mr. Bob Maloney

February 26, 1980

Rep. Thelma Buchholdt  
Chairperson House Health Education  
& Social Services Committee  
Pouch V  
Juneau, AK 99811

Dear Thelma,

As mentioned in my earlier letter the Committee for Autonomy has some concern with page 24 of HB651. We had hoped to clear proposed changes with the ACCFT legal counsel, but he has been unavailable. Since I realize you may be marking up the bill in the near future I am writing to give you our suggestions and would also like to ask that they be cleared with Legislative Counsel.

We suggest that page 24 line 9 and 10 read as follows:  
"... and who were employed for 1979-80 shall be offered equivalent employment by the Alaska Community College system. The..."

We suggest that page 24 line 25 read: "... the University of Alaska during 1979-80, shall be assumed by the..."

While these changes seem minor, to us they represent a much greater protection both for employees of the community colleges and the community college programs, and we feel it extremely important that they be made. We are especially concerned about the impact of these provisions on Juneau Douglas.

Thank you again for your community college efforts.

*Mim Carlson*  
Mim Carlson

February 26, 1980

Rep. Thelma Ruchholdt  
Chairperson House Health  
Education & Social Services Committee  
Pouch V  
Juneau, AK 99811

Dear Thelma,

The committee for Community College Autonomy reviewed HB651 and the comments made by John Chenoweth, Legislative Counsel. We wholeheartedly endorse the bill. We did have several suggestions of minor changes which I communicated verbally to your assistant. The following is to give you written confirmation of those suggestions.

1. Our suggested draft included the following in Sec. 14.42.230(a)

Sec. 14.42.230. FINANCE. (a) The state is basically responsible for the funding for all community college, extension center or outreach programs and activities.

However, nothing in this chapter prohibits a school district, municipality, federal agency or nonprofit corporation or association from providing funds for additional courses and programs which may be considered appropriate under Sec. 210(a)(3) of this chapter.

We feel that it is important to retain this statement in the bill. Mr. Chenoweth felt this was a philosophical statement that might better be included in a purpose or intent clause. We suggest incorporating this statement on page 2 line 8 as item (c)..

On page 17 add the word same on line 21 to read as follows: "Alaska, the same shared or joint use of these facilities..." After line 26 add the following: Subsequent changes are subject to mutual agreement of both boards.

These suggestions are made because there was fear that in the transition period there might be an attempt on the part of the University to preempt community college use of facilities. These two changes would insure status quo in the transition and provide for future flexibility.

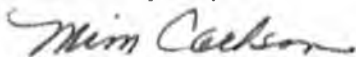
On page 18 line 2 we suggest changing shall to may, so that it reads "...the two boards may enter into a contract ..."

It was our feeling that it would allow for more flexibility in the future if this were made a permissive rather than a mandatory statement.

We have some concerns about page 24 line 5-13. We are awaiting a legal opinion as to whether this fully protects the employment rights of all present community college staff. We will notify your office immediately if our counsel suggests any change.

On behalf of the committee I would like to express our appreciation for your efforts on our behalf.

Thank you,



Miriam Carlson

# KENAI PENINSULA COMMUNITY COLLEGE

of the University of Alaska in cooperation with the Kenai Peninsula Borough School District

P.O. Box 848 ★ Soldotna, Alaska 99669 ★ 262-5801

February 27, 1980

Representative Thelma Buchholdt  
Chairman, House HESS Committee  
Pouch V  
Juneau, Alaska 99811

Dear HESS Committee:

On Tuesday, February 19 I appeared in a teleconference committee hearing as a witness on the subject of House Bill 651. A quite accurate transcription of my remarks is attached. The analysis would have been more extensive and in-depth except that we mistakenly thought the testimony of each person would be limited to about 2-5 minutes.

During the course of the testimony, Policy Advisory Committee Chairman Donnis Thompson remarked that a meeting would be held and the subject of separation discussed on Thursday, February 21. A copy of the minutes of that meeting are attached. A digest of the discussion on House Bill 651 is included on the second page of the minutes.

Again we thank you for allowing us to present our testimony. In the event that further testimony would be in order, I am sure that the other members of our Policy Advisory Council would be glad to bear witness.

Very truly yours,

  
John G. Wilsey, Ed.D.  
Campus President

JGW:qdf

Attachments: 2

attest

TESTIMONY TO THE HEALTH, EDUCATION & SOCIAL SERVICES COMMITTEE  
OF THE HOUSE OF REPRESENTATIVES, STATE OF ALASKA

REPRESENTATIVE THELMA BUCHHOLDT, CHAIRMAN

CHAIRMAN BUCHHOLDT AND MEMBERS OF THE HESS COMMITTEE, I AM JOHN WILSEY, PRESIDENT OF THE KENAI PENINSULA COMMUNITY COLLEGE. ALL OF US IN THE ALASKA COMMUNITY COLLEGE SYSTEM ARE VITALLY INTERESTED IN HOUSE BILL 651 AND OTHER LEGISLATIVE ACTIONS THAT WOULD AFFECT OUR ACTIVITIES. AND IT IS COMFORTING TO KNOW THAT THE LEGISLATURE IS INDEED INTERESTED IN THE COMMUNITY COLLEGES THIS STATE.

BUT MAY I ADDRESS HP-651 NEITHER AS AN ADVOCATE NOR AS AN OPPONENT BUT RATHER AS A NEUTRAL? I WOULD SPEAK ONLY TO CERTAIN FEATURES, ASPECTS AND IMPLICATIONS OF THE BILL. IT IS A FAR RANGING DOCUMENT IN WHICH MUCH THOUGHT HAS BEEN PLACED BUT READING IT RAISES QUESTIONS FOR ME. HOUSE BILL 651 COULD CREATE A VERY HIGHLY BUREAUCRATIZED CENTRAL AUTHORITY. AS IT IS WRITTEN THE STATE COULD END UP WITH A SINGLE COMMUNITY COLLEGE AND EXTENSIONS OR BRANCHES LOCATED AROUND THE STATE. ASSUMING THAT THE PURPOSE IS INCREASED AUTONOMY TO ALLOW FOR THE FLEXIBILITY SO VITAL TO ANSWER COMMUNITY NEEDS, THIS BILL PLAYS A STRONG EMPHASIS ON A TIGHT HIERARCHY WHICH COULD PROVE MOST BENEFICIAL OR COULD STYMIE HIGHER EDUCATION IN COMMUNITY COLLEGES. MANY STATES OPERATE SUCCESSFULLY WITH A BOARD OF TRUSTEES, AN EXECUTIVE DIRECTOR OR CHANCELLOR WHO PRESIDES OVER A SMALL CENTRAL OFFICE, LOCAL BOARDS OF GOVERNORS OR SOME SUCH, AND LOCAL PRESIDENTS.

THERE IS MUCH TO BE SAID FOR THIS WHICH FOLLOWS THE NATIONAL PATTERN YOU MIGHT CONSIDER,

THE EXTREME PROBLEM OF EQUITABLE FUNDING IS NOT ADDRESSED SPECIFICALLY IN HB-651. COMMUNITY COLLEGES MUST BE ABLE TO GAUGE REVENUES ACCURATELY ALLOWING FOR BASIC COSTS, GROWTH OR SHRINKAGE, AND DISCRETIONARY FUNDS RATHER THAN AN ANNUAL PERHAPS CONGENIAL BUT FIERCLY COMPETITIVE CONFRONTATION. THE PUBLIC SCHOOLS OFFER A GOOD EXAMPLE.

THE COMPOSITION OF THE CRITICALLY IMPORTANT BOARD OF TRUSTEES CAUSES DISCOMFITURES. A FACULTY MEMBER IS NAMED; HE WOULD SEEM TO HAVE THE GROSSEST KIND OF CONFLICT OF INTEREST BECAUSE HE WOULD HELP DETERMINE HIS OWN SALARY. ALSO, UNDER THE ACT NO COMMUNITY COLLEGE STUDENT COULD EVER BECOME ELIGIBLE FOR MEMBERSHIP ON THE BOARD. AND IF THE FACULTY AND STUDENT ARE NAMED WHY NOT ADD A CAMPUS PRESIDENT, A BUSINESSMAN, A HOUSEWIFE OR OTHER CATEGORIES? HERE IS WHERE A LA BOARD MIGHT OPERATE BEST AND MOST EFFECTIVELY.

LOCAL CONTROL WOULD SEEM A MUST FOR AN AUTONOMOUS COMMUNITY COLLEGE SYSTEM TO WORK. LOCALLY ELECTED BOARDS OF GOVERNORS SHOULD GIVE REAL ATTENTION TO LOCAL NEEDS AND MAKE POLICY UNDER THE UMBRELLA OF THE STATE BOARD. A BOARD ELECTED IN A DEMOCRATIC MANNER COULD BE EXPECIALLY EFFECTIVE IF ACCOMPANIED BY LEGALIZED TAX BASE OR ITS BOROUGH EQUIVALENT.

ONE PROBLEM TO BE CONSIDERED HAS TO DO WITH THE TRANSFERABILITY OF CREDIT IN A STATE ARTICULATED PROGRAM. TO ASSURE TRANSFER STUDENTS THAT THEIR TIME HAS NOT BEEN WASTED WOULD SEEM TO BE AN IMPORTANT ITEM TO CONSIDER AS IT IS IN THE FLORIDA PLAN.

RELATED TO THIS, WHAT OF INTRUSION INTO THE HOMETOWN OF THE COMMUNITY COLLEGES? HOUSE BILL 651 SAYS THAT COMMUNITY COLLEGES "MAY" COORDINATE UPPER LEVEL AND GRADUATE COURSES. WHAT IF THEY CHOOSE NOT TO DO SO? THIS PROBLEM MIGHT BE APPROACHED BENEFICIALLY THROUGH SUCH AN ORGANIZATION AS THE RURAL EDUCATION DEPARTMENT OF THE PRESENT COMMUNITY COLLEGE DIVISION.

COMMITTEE MEMBERS, THIS BILL ADDRESSES MORE THAN SEPARATION. I AM SURE YOU COULD ANSWER THIS BUT I CANNOT. WHY ARE SCHOLARSHIPS INCLUDED IN THE SEPARATION BILL? COULD SCHOLARSHIPS BE TAKEN CARE OF UNDER A SEPARATE ACT?

OTHERS WILL HAVE TO ADDRESS THE MANY STICKY ISSUES NOT SPOKEN TO HERE: COMPREHENSIVENESS, HOUSING, DIVISION OF PROPERTY AND EQUIPMENT, LAND GRANT LEGALITIES, STUDENT FEES, TERMINATION AND TRANSFER OF STAFF AND FACULTY, AND OTHER RELATED ITEMS. BUT IT IS MY GUESS THAT TO SERVE A MAXIMUM NUMBER OF CITIZEN-STUDENTS IN A MANNER THAT ADDRESSES THE VARIED NEEDS OF EACH COMMUNITY IN A WIDELY DIVERSIFIED STATE, YOU ALREADY HAVE TASK FORCES ON THIS BILL AT THIS MOMENT.

TO ME IT IS MOST GRATIFYING JUST TO KNOW THAT THE LEGISLATURE IS CONCERNED ABOUT ITS HIGHER EDUCATION SYSTEM. AND IN THIS TESTIMONY I HAVE SPOKEN ONLY TO FEATURES OF THE BILL RATHER THAN SEPARATION ITSELF, BUT IF SEPARATION WOULD BECOME A FACT, PLEASE GIVE US 15 MINUTES AND WATCH OUR SMOKE.

I THANK YOU FOR ALLOWING ME TO TESTIFY TODAY.

KENAI PENINSULA COMMUNITY COLLEGE POLICY ADVISORY COUNCIL  
Minutes, Meeting of February 21, 1980

Meeting called to order at 7:10 P.M. by Chairman Thompson.

MEMBERS PRESENT: Donnis Thompson, Chairman, George Day, Marion Hylen, Hazel Heath, John Monfor, Walter Ward, John Wilsey.

MEMBERS ABSENT: Earl Mundell, Linda O'Brien.

MOTION: By Day, second Heath, passed unanimously.

That the Minutes of meeting of November 29, 1979 be accepted as read.

AGENDA APPROVAL: By concensus, Chairman Thompson was given permission to rearrange the Schedule as required due to the expected appearance of Dr. Pat O'Rourke about 8:00 P.M.

GUESTS, STAFF AND VISITORS: Dave Forbes, Jim Morrison, Chris Butzen, Dayne Clark, Margo Zuelow, Tom Wagoner, Dennis Steffy, John Williams.

REPORTS: President Wilsey reported on a meeting of Campus Presidents in Anchorage.

Dean of Instruction, Margo Zuelow, presented three Grant Proposals for approval by the PAC.

MOTION: By Heath, second Hylen, passed unanimously.

That the Policy Advisory Council of the Kenai Peninsula Community College hereby recommends final approval of the proposal, NETWORK: PHASE II to be funded by ALASKA COMMISSION ON POSTSECONDARY EDUCATION: HIGHER EDUCATION FUNDS. The Policy Advisory Council commends the administration, faculty, and staff for seeking funding for activities such as represented here.

By Day, second Hylen, passed unanimously.

That the Policy Advisory Council of the Kenai Peninsula Community College hereby recommends final approval of the proposal, STATE OF ALASKA: PETROLEUM EXTENSION SERVICE to be funded by ALASKA DEPARTMENT OF EDUCATION, CAREER AND VOCATIONAL EDUCATION UNIT. The Policy Advisory Council commends the administration, faculty and staff for seeking funding for activities such as represented here.

By Ward, second Hylen, passed unanimously.

That the Policy Advisory Council of the Kenai Peninsula Community College hereby recommends final approval of the proposal, KPCC DEVELOPMENTAL STUDIES PROJECT to be funded by NATIONAL BASIC SKILLS IMPROVEMENT PROJECT. The Policy Advisory Council commends the administration, faculty and staff for seeking funding for activities such as represented here.

REPORTS: Business Manager, Tom Wagoner, explained the problems caused by accrued leave. Budget margins are thin but KPCC is staying within its requirements.

REQUEST BY LEGISLATORS: The prioritized lists themselves and related communications were distributed to PAC members. At this time Dr. O'Rourke arrived. After brief discussion, it was agreed that the Chancellor and Campus President should meet to discuss the matter.

SEPARATION OF C.C. FROM U.A.: House Bill 651 was mentioned although not reviewed. In Dr. Wilsey's opinion the Bill has serious deficiencies and his Testimony to HESS on the Bill was distributed. Dr. O'Rourke pointed out that HB-651 and SB-483 were exactly the same and if passed in the present form an FCC would not be necessary. Opinions by the PAC members on the matter varied. Day spoke for separation perhaps not through this Bill. Hylen spoke for separation possibly going to a Borough college. Heath felt that whatever would benefit all areas of the Kenai Peninsula would be best. Monfor spoke for separation. Ward suggested looking at alternatives such as SB-190 which sponsors Grades 13 and 14 in the public schools. Chairman Thompson did not take a stand.

FUTURE MEETINGS: As the time was growing late a number of Agenda items were held over to the next meeting. Chairman Thompson spoke to the need for monthly meetings until the great mass of backed up work due to having bi-monthly meetings be taken care of. Hylen pointed to the desirability of workshops and the inability to make informed decisions without more time for study. All agreed that it is impossible to make sound decisions without more time for preparation.

The next meeting was scheduled for March 13, 1980 at 7:00 P.M.

MEETING ADJOURNED: 10:07 P.M.

# KETCHIKAN COMMUNITY COLLEGE

7th and Madison  
KETCHIKAN, ALASKA 99901  
907-225-6177



February 20, 1980

Representative Thelma Buchholdt  
Pouch V  
Juneau, Alaska 99811

Dear Representative Buchholdt:

I appreciated the opportunity to speak on House Bill 651 last evening, but feel that I should write relative to my concerns as I did not mention all of them last night as they had been previously mentioned by other people testifying.

As I stated, I had worked for three different systems while engaged in community college education and those systems being the K-12 system, a statewide community college system, and then the statewide system of higher education as we have here in Alaska. I see advantages and disadvantages of each system, but have concluded that different systems work better and more efficiently in different states depending on their geographic size and their administrative structure.

I read the bill as a mixture of educational delivery systems and not once specifically relating to community colleges and its accepted philosophy and objectives for providing educational opportunities of lower division offerings in a local geographical area at a reasonable cost to students. My major question relative to the intent of the bill is whether it is establishing a community college system or separating out that portion of the University of Alaska now in the Division of Community College, Rural Education and Extension under Chancellor O'Rourke. Rural education and cooperative extension have different objectives than community colleges and I am wondering in this bill if we are mixing a number of different ingredients as to philosophy and objectives.

Some of the specific items in the bill that I considered were concerns are as follows:

Section 1, Paragraph 4 - Educational delivery system that may or may not lead to baccalaureate and advanced degrees. The question is whether this is opening up the possibility that the community college system being created by this bill would, therefore, open the doors for community colleges to offer upper-division and graduate courses.



Article I, Section 14.42.030 - Faculty member of a community college being on the Board of Trustees. This could create a situation where there could be a conflict of interest with the collective bargaining faculty serving on the Board of Trustees in having a voice in determining the policies and making the decisions relative to governance.

Article I, Section 14.42.040 - The method of determining a student member to the Board of Trustees. The bill states that a person must be a full-time student for at least one year before appointment, then the student would be appointed for a two-year term. Traditionally, students in community colleges usually attend only a maximum of two years so, therefore, most of the terms for students would only be one year or less.

If there are going to be faculty members and students on the Board of Trustees, consideration might be given to putting on an administrator and a classified staff member as they are a part of the total community college.

Section 14.42.140 - It states that the principal administrative officer of each community college campus will be responsible directly to the president and to the community college council, however, it does not specify what the community college councils are responsible and accountable for. This also relates to Section 14.42.170 where it states that the community college council will act in a policy making capacity and also in an advisory capacity, but again the responsibilities are not specifically listed and I believe that this could cause some conflict between the chief executive officer of the board and the local community college councils.

Section 14.42.150 - It states that regional service centers also may be established to administer the outreach programs and to provide postsecondary education services. In reading this, this would appear that it would probably be an opportunity for the community college to offer upper-division and graduate courses which has not been a community college objective or function in the past. Again, if this is supposed to be a function of the rural education outreach programs, it comes back to my original statement relative to a difference of philosophy and objectives of the areas to be included in the community college system.

Section 14.42.170 - With the establishment of the community college council, again it refers of having faculty and student representation as well as representatives from other agencies in the area. Again, why not include an administrator and a classified staff member if these councils are established.

Section 14.42.200 - This section again refers to the establishing of the extension centers and outreach programs that may or may not include upper-division and graduate courses in-so-far as the community college determines demand for postsecondary education. This could cause some conflicts and duplications in-so-far as cooperative agreements may be made with one university, but would not prohibit another university from coming in and offering parallel or similar courses on their own initiative.

Section 14.42.230 - It states that the board shall prepare a complete budget for each community college including all courses, programs and activities. This would make a very cumbersome and expansive budget proposal if all courses and activities had to be included and it would also put limitations on community colleges of offering courses that were requested during the year after the budget was put together. I am assuming that this does not mean listing every individual course and every individual activity that is sponsored or offered by a community college.

Section 14.42.240 - The question arises as to the constitutionality of community colleges being land-grant institutions when not associated with the state four-year university.

Section 14.42.310 - It states a person may not be deprived of the privileges and services of the system because of age, sex, color or nationality. In a question relative to age, it would appear that the bill would allow community colleges to serve anyone regardless of age. This could cause much concern in the secondary level with students wanting to drop out of high school and attend community colleges. Community colleges have not had as one of its objectives that of providing secondary education except for adults.

Section 14.40.460 - This relates to scholarships for high school students which I believe would be a good idea, however, it states that the scholarship would include dormitory rent for a period of two years or four years, however, this would be very limiting to community colleges as most community colleges do not have dormitory facilities.

Under Section 18 - Transition. It states that the Board of Regents of the University of Alaska shall redistribute or transfer property assets, etc. to the Alaska Community College System. The question arises as to the legality of the transfer of property from the University of Alaska to the community college system as the University of Alaska is constitutionally created.

Under the same section, it states that faculty, staff and officers in the community colleges shall be terminated by the University of Alaska and shall be rehired by the community college system, however, it goes on to say that the Alaska Commission on Postsecondary Education shall assist those community college faculty and staff and its officers and employees, who are not transferred, in finding positions. This appears to be a conflicting statement within the same section of the bill.

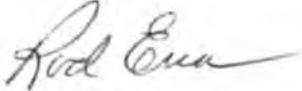
Under Section 20, it states this act will be effective July 1, 1980. This appears to be a very short timetable to do many of the things that this bill encompasses and feel that we would probably create a massive chaos trying to implement this in such a short space of time.

The community colleges have come a long way in the past two years under the reorganization within the University of Alaska of placing the community colleges into a separate division with its own chancellor. I don't feel that this bill would be in the best interest of the community colleges and the local communities in the state of Alaska as relating to community college objectives and philosophies.

February 20, 1980  
Page Four

I feel that the community colleges should continue to operate as it is today under the chancellor instead of under this bill.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rod Enos".

Rodney Enos  
Campus President

RE:s1

cc: Senator Robert Ziegler  
Speaker Terry Gardiner  
Representative Oral Freeman  
Chancellor Patrick O'Rourke

Statement of Richard Whittaker *Whittaker*  
Regarding legislation to separate community colleges from  
the University of Alaska system, HB 651

In years past I have favored anything which would disrupt the stepchild status between the University and the Community Colleges. The University has had little or no interest in bringing education to the people of our state which, of course, is one of the significant roles of Community Colleges.

My view has radically changed in the past year. With the coming of University of Alaska president, Jay Barton, we have a vastly different University, a University which sees the Community Colleges as a means of bringing the services of the total university system to the people of the state.

Separating the two institutions would limit the ability of Dr. Barton to give the University the needed guidance to accomplish this change. He has indicated his first priority as rural education, which basically means Community College and similar approaches.

I, having studied the matter, as a member and chairman of the Ketchikan Community College Advisory Board, and prior to that as a legislator, strongly believe the best thing we can do in higher education in Alaska at this time, is to give our support to Dr. Barton to give him a chance to correct these long standing inequities.

---

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 16, 1980

SUBJECT: Sectional analysis, legislation establishing  
a separate Community College System (HB 651)  
[Work Order No. 7988]

TO: Representative Thelma Buchholdt, Chairman  
House Health, Education and Social Services Committee

FROM: John B. Chenoweth  
Legislative Counsel 

The legislation relies extensively on earlier bills by which the community colleges, extension centers, and outreach programs of the University of Alaska would have been removed from the University's jurisdiction and constituted a separate Community College System.

Section 1, an uncodified section in keeping with current drafting practice, describes a purpose for the bill and the general philosophy of a separate comprehensive community college system for the state.

Section 2 adds a new chapter to AS 14 and describes the "Alaska Community College System." The System is established as a state corporation (AS 14.42.010), under control of a seven member board of trustees, each of whom is appointed by the governor; an appointee be a resident of a community containing a unit of the community college system (AS 14.42.020(a) and (b)). Five board members are appointed from designated geographic regions (AS 14.42.020(c)); a sixth member must be a member of the faculty of a unit of the System (AS 14.42.-020(c)(5)); the seventh must be a student enrolled in a unit of the System (AS 14.42.020(c)(6)). Specific procedures are described for the nomination and selection of the faculty appointee (AS 14.42.030) and for the student appointee (AS 14.42.040), and limitations are placed on their service as members of the board of trustees of the corporation expressed in terms of their continuing appointment to faculty

February 17, 1980

status and continuing association with a unit of the system as a student. The term of office of the "public" members of the board is five years (AS 14.42.050(a)); for the faculty and student board member, the term is two years (AS 14.42.050(b)). The legislation contemplates a staggering of terms: see section 19 for manner and duration of initial appointments. The legislation requires election by the board of certain officers, and authorizes the board to select others, limiting terms of officers to one year and setting a two-term limit on a person's service as chairman (AS 14.42.060). The legislation requires the board to prepare rules for its procedures (AS 14.42.070(a)), determines a quorum and the minimum vote necessary for action by the board -- both set at four of seven votes (AS 14.42.070(b)) -- and precludes use of proxies (AS 14.42.070(c)). The legislation requires, at minimum, quarterly board meetings, rotating through the various community college campuses over a five-year cycle (AS 14.42.080(a) and (b)), authorizes special meetings, prescribes meeting notice requirements (AS 14.42.080(a)), and generally restates "open meeting" provisions of the Administrative Procedure Act (AS 14.42.080(c)). The bill authorizes reimbursement for travel and per diem at state rates (AS 14.42.090).

The powers and duties of the board of trustees are enumerated in AS 14.42.100 and 14.42.110. Key provisions are designated as paragraph (7) in each: establishment of management policies applicable to units of the System and determination of the courses of instruction at the units of the System define the policy-making nature of the corporation's board of trustees.

The board's chief executive officer is the System's president. The bill describes his primary responsibility as the administration of the System. (AS 14.42.110(a)). In addition to the on-campus programs, he is charged with development and administration of an effective rural and off-campus program (AS 14.42.110(b)). The corporation president may, with the approval of the board, appoint administrative officers for community colleges and extension centers (AS 14.42.120(b)(1)) and, with the recommendation of the latter, appoint -- or delegate authority to appoint -- members of the faculty of units of the System (AS 14.42.120(a)). He must supervise the work of the people he appoints (AS 14.42.120(b)(2)), and give general direction to, and coordinate the work of, the several units of the System (AS 14.42.120(b)(3) and (4)). Student discipline -- exercised through suspension or expulsion -- is the responsibility of the president (AS 14.42.130).

Community college campus administration is made the responsibility of a chancellor; other units of the System are headed by a director. The manner of appointment of each is described in AS 14.42.140.

The bill authorizes the board to establish and maintain centralized and regional service centers to supplement activities involving units of the System (AS 14.42.150). The bill provides minimal direction relating to appointment of and service by faculty (AS 14.42.160(a) and (b)). A unit of the Community College System is given authority to "coordinate and facilitate all public postsecondary and continuing education in the area it serves," including coordination of course work offered through the University of Alaska and other universities (AS 14.42.160(c)).

The establishment of a community college council for a community college is mandated; a council may be established for other units of the System (AS 14.42.170(a)). The determination of the size, manner of selection, terms, officers and comparable provisions concerning community college councils is the responsibility of the board of trustees (AS 14.42.170(b)). The bill distinguishes between the "policy-making" role of a council and its "advisory" role (AS 14.42.170(e)), and gives a community council significant authority with respect to making and securing implementation of recommendations with respect to operation of the campus or unit for which the council is responsible (AS 14.42.170(f)).

The bill describes the manner of establishment of new community colleges: nomination (AS 14.42.180); determination of feasibility (AS 14.42.190); establishment of a different form (i.e. "extension center or outreach program" where a community college does not meet standards (AS 14.42.200)). While legislative nomination of new campuses is made a part of the process, the process does not preclude the legislature from establishing a new college through appropriation.

Specific provision is made by which the relationship between a unit of the System and a second party may cooperate in the formation and operation of a community college (AS 14.42.210): the college is given, under the bill, "complete operational authority . . . subject to periodic reviews" by the cooperating party, and title to those facilities financed or constructed with System funds.

The board of trustees is given specific duties under AS 14.-42.220 by which to assure expanding educational opportunity for community college System course work.

Finance, fiscal and property management, and related provisions generally follow requirements imposed by the state on operations of its secondary education programs, though the manner of administration of funds received is committed to the discretion of the board of trustees by regulation (AS 14.42.230(b)). The budget process is made the responsibility of the board (AS 14.42.230(a)), and requires preparation of a program budget subject to the review and recommendations of a community college council for a particular campus (see AS 14.42.170(f)(2)). Fund management and the acquisition and holding of property are committed to the board (AS 14.42.240), and the board may act as trustee for property as necessary (AS 14.42.250). Monetary gifts and endowments for the benefit of the System are transferrable to the Department of Revenue for investment and management (AS 14.42.260); other properties, real or personal, are taken by the System and made part of the permanent property inventory (AS 14.42.270). Specific provision is made for a working capital fund to receive legislative appropriations for construction of capital improvements of benefit to the Community College System (AS 14.42.290). The state's Fiscal Procedures Act (AS 37.05) is imposed on the corporation (AS 14.42.280); federal laws applicable to the University of Alaska as a land grant college are made applicable also to the System corporation in its capacity as an anticipated recipient of federal funds and lands (AS 14.-42.300).

The remaining newly-codified provisions generally address the manner of operation or function of the system. General civil rights provisions are made applicable (AS 14.42.310(a)); political and religious sectarian instruction is prohibited (AS 14.42.310(b)). Cooperative use of facilities brought into the System from the University of Alaska as a result of this Act, or otherwise subsequently constructed for the benefit of the System or for the University, is mandated (AS 14.42.320). Open library services are made mandatory for community college campuses; at extension centers and outreach program offices, they are discretionary (AS 14.42.-330). An annual report of the work of the corporation is required (AS 14.42.340).

The manner of operation of a unit of the System, where not specifically described in the legislation, is committed to the authority of the System in accordance with regulations prescribed by the board of trustees (AS 14.42.350).

Sections 3 - 11 amend existing provisions of law applicable to the University of Alaska to incorporate reference to the "community colleges" or "the Alaska Community College System", as applicable. Section 12 adds membership from the System on the state's Postsecondary Education Commission; section 13 authorizes that Commission to designate the board of trustees of the Community College System corporation as its advisory council on community colleges where an advisory council is required by federal Higher Education Acts.

By section 14, the commissioner of administration is authorized to delegate any of his responsibilities under the state's Fiscal Procedures Act to the System's board of trustees by "[setting] out the criteria and guidelines which shall be followed." Section 15 places officers, employees, and faculty of the System in the state's exempt service; section 16 requires the members of the System's board of trustees to file necessary disclosure reports in accordance with the state's so-called "Conflict of Interest" statutes. Section 17 repeals current provisions, part of the University of Alaska chapter, pertaining to community colleges as part of the University.

Transitional provisions -- to accommodate the separation and separate establishment of an Alaska Community College System -- are collected in section 18: asset redistribution occurs under the direction of the state's Postsecondary Education Commission; continuance of litigation, contracts, other proceedings, and courses of study and related services is addressed; faculty, staff, officers and employees of the University whose work involves them with the community college system are terminated and must be rehired by the Alaska Community College System; where the latter proves impossible, the Postsecondary Education Commission is directed to assist in securing positions for which these persons are qualified.

JBC:jdn

Mr. Robert F. Leach  
4010 Merrill Drive  
Anchorage, AK 99503  
February 28, 1980

Ms. Thelma Buchholdt  
Health, Education and  
Social Services  
Pouch V  
Juneau, AK 99811

Dear Ms. Buchholdt:

The enclosed information is documentation to backup my testimony on Tuesday, February 26, 1980. This documentation demonstrates the University makes decisions which greatly impact the Community College without consulting the Community College. Later, when it is shown to them that there is adverse reaction, they take no action to correct the problem. They simply appear to just walk away from the problem and do not address it.

Attachment 1: History of Student Center Bonds, outlines a decision made by the University in which the Community College was committed to 35% of its tuitions to pay for the Student Center.

Attachment 2: Effects of 35% Tuition Loading on Anchorage Community College, briefly outlines the financial burden that this decision has had on the Community College.

Attachment 3: This item shows the effects that this decision has on self-support, night-time programs.

Attachment 4: Anchorage Community College major fiscal problem areas shows that additional incidents in which the University of Alaska through its decisions have adversely affected the Anchorage Community College operation.

For all of the above reasons, I find it necessary to support the Autonomy Bill which would separate the Community Colleges from the University of Alaska.

Sincerely,



Robert F. Leach

*Robert Leach*

## HISTORY OF STUDENT CENTER BONDS

The Board of Regents decided to build a complex at the Anchorage Campus. The Student Center was one part of the complex. They went to the legislature requesting permission to sell six million dollars in revenue bonds to pay for the student center. The revenue was to come from 25 percent of tuitions paid in the Anchorage area. The legislators authorized the sale of the revenue bonds.

The University marketed the bonds but could not sell the bonds. They then successfully lobbied the legislature to increase the authorization to 35 percent of the Anchorage tuition. Only five million of the six million dollar bonds authorized were sold; and then only after an agreement that the 35 percent of Anchorage's tuitions had to be assessed each year. Also that a minimum of \$754,800.00 had to be raised by tuition monies or the Board of Regents would be required to make a special assessment to each student to make up the difference. The annual payment is \$500,000.00 for twenty years.

The bond money was invested to earn interest during construction. Also, the excess monies from two years of collecting the 35 percent were invested. The five million dollars did not pay to complete the Student Center. Central administration now decided to use part of the interest on the invested monies and the excess raised by the 35 percent of tuition to complete the Student Center. These monies went mainly into food service equipment.

The next major event was when Max Hullinger's replacement found approximately \$600,000.00 in unused interest monies. The legislators thought that the University of Alaska had "rat holed" this money and directed that \$290,000.00 be transferred to the Physical Education Plant and withdrew a like amount from appropriations.

The combined operating costs of the Physical Education facility and the Student Center is \$540,000.00. The 35 percent of tuition has been producing \$250,000.00 excess monies each year over the \$500,000.00 annual payment. These excess monies and the found monies were combined to operate the two facilities. As of January, 1980, funds for operating these two facilities <sup>will have</sup> ~~has~~ been depleted and a plan for obtaining funds in the future has not be stated.

*Robert Leach*

## EFFECTS OF 35% TUITION LOADING ON ACC

The Board of Regents had a plan to cover the Anchorage Community College and the University of Alaska Anchorage's (one unit at this time) 35 percent tuition load by increasing the requested funds from the legislature by a like amount.

The FY77 ACC budget reflected an increase to cover the losses incurred by the 35 percent tuition loading. But the anticipated tuition income for ACC for FY78 and FY79 were over estimated by some large amount. As of this writing time, I have been unable to determine which office or person made the over estimation. Because of the over estimation of income for ACC, ACC was unable to raise all of its tuition income. The budget had been absorbing the 35 percent loading on the self-support classes. It could not now absorb the 35 percent loading and classes had to be cut. Cutting classes meant fewer tuitions. Fewer tuitions further compounded the original problem of having over estimated the tuition income.

At this point, ACC finances started a downward spiral. Fewer tuitions meant fewer classes. Fewer classes meant fewer tuitions.

Possible solutions must address two problems. First, how to reduce the 35 percent loading of Anchorage's tuitions. Second, how to raise the operational monies needed to keep the Physical Education facility and Student Center operating.

If the remainder of the bond indebtedness were to immediately be paid off, this would stop the 35 percent of tuition loading. At the same time, it would eliminate a \$250,000.00 source of operating funds for the Physical Education facility and for the Student Center.

The shortage of operational monies will be further compounded when the ice hockey rink comes on line. Additional personnel will be needed and larger utility bills incurred.

Robert Leah

The Electronic Technology Department can not operate a serious night program because the University Regent's change in self-support financing. At first I could operate self-support classes by charging the student twenty dollars per credit. The student could not obtain self-support classes under the consolidated fee schedule. Of this tuition money, I received eighty percent to pay the instructor and to pay for consumables. Twenty percent was for overhead such as: utilities, janitorial services, registration office, accounting office, and administration at all levels to include the President's office for the University of Alaska. Under this system I started to build up the night program.

The Board of Regents then changed the self-support fee structure so that a student could use the consolidated fee schedule for self-support classes. This dictated that ACC move instructional monies into a separate account to cover the self-support class whenever a student uses the consolidated fee schedule to pay for the self-support class.

Next came the Student Center. I was now told that an additional 35 percent of the tuition paid to self-support classes would be withdrawn to meet the bond retirement indebtedness. This now meant the most monies I could realize for self-support was 45 percent of the tuition paid by the student. The difference between the 45 percent of the tuition and the costs of the self-support class had to be made up from the instructional budget. That drain was too large unless the Electronic Technology Program had more than 45 students in a class. For a technology class using equipment under tight supervision to insure personal safety, these numbers are unrealistic.

Because of the above administrative decisions the Electronic Technology Program will be unable to offer night classes. I have to tell those students who must work days and can attend classes only at night there will be no night program for them.

SELF-SUPPORT MONIES DISTRIBUTION FOR A 3 CREDIT CLASS

	Cost per Credit	3 credits	Number of Students	Total Tuition	20% for Adminis.	80% for Program	35% for Bonds	45% for Program
Original Financing	\$20	\$60	20	\$1200	\$240	\$960		
Change in Financing	\$20	\$60	20	\$1200	\$240		\$420	\$540
Current Change in Financing	\$21	\$63	20	\$1260	\$252		\$441	\$567

Program now receives \$567.00 to pay instructor for 15 weeks of two nights a week and to cover all expendables. If the instructor received all of the \$567.00, he would only receive, before taxes, \$18.90 per night. The instructor has 90 minutes of instruction, 15 minutes set-up, 15 minutes breakdown, travel to and from the college, prep time, grading papers. The instructor makes approximately \$6.30 an hour. Also, we have had double digit inflation in the last three years yet the total monies the Electronic Technology Program has received to run these self-support classes has gone down, not up. It is not possible to attract quality people at these rates.

Robert Leach

## ACC'S MAJOR FISCAL PROBLEM AREAS

### I. Projected tuition and fee income shortfall

Presently the ACC Administration is projecting a tuition and fee income shortfall for FY'80 of approximately \$300,000 (rounded from \$289,900) for the following reasons:

- A. Income has been overstated since FY'78;
- B. Income projection for FY'79 was increased by \$494,100, with a corresponding General Fund increase (in hard dollars) of only \$57,000;
- C. It was UAA, not ACC, who projected the incomes and controlled the budgets in both FY'78 and 79. No explanation at this time is available as to why UAA estimated such a large increase in tuition and fee revenues;
- D. The FY'80 Governor's budget included a tuition increase item of 20% (removing this amount from the General Fund dollars). This amounted to \$339,300. However, the Board of Regents refused to approve such a tuition increase, approving only a 7% increase. The Free Conference Committee restored \$249,400 of this revenue, leaving the shortfall of \$89,900 which represents the difference between the Governor's 20% increase and the actual 7% increase allowed.

### II. Reduction of tuition income for debt service

By law, the Anchorage Community College must apply 35% of all credit tuition to the retirement of revenue bonds on the new Student Center. Apparently, income projections since FY'78 have been based on 100% tuition income and not the actual 65% income, even though UAA has told ACC that there was an initial adjustment made for this difference.

### III. Leave Accrual

Annual leave accrual for teachers has until this year been handled by the University of Alaska Statewide Administration. The cumulative leave accrual liability has been estimated at \$450,000, which Vice-President Sherman Carter is implying now must be paid off totally by ACC during FY'80.

ACC was never given budget instructions to budget for this liability, and all ledgers on the local campus were in the black until June 23rd, when ACC was told the leave accrual was immediately due and payable.

Attached are copies of the Electronic Technology Program's budgets for the last five years. This will give you the picture of the monies the Electronics Technology Program has had in the past and the monies it now has.

While the upper levels of the University administration have their disputes over the question: Are there enough funds? Are the funds allocated properly? Are the present funds being spent wisely?; We at the teaching/first line supervision level do not have enough monies to properly operate our classrooms. The Electronic Technology Program is a four semester Associate Degree program whose purpose is to take in unskilled men and women and properly train them to become Electronic Technicians. This September, 1979, we expect to have 16 to 20 individual classes taught in the day program. In January, 1980, we are scheduled to have 24 classes. This summer we are operating four classes. For all of the above classes the Electronic Technology Program's budget is as follows:

Pay for seven full-time instructors  
3001-Contractual has \$1500  
4001-Commodities has \$3000  
5001-Equipment is zero  
8001-Miscellaneous is zero

The above shows that to operate 44 technical classes the Electronic Technology Program has \$3,000 to purchase all of our consumables. Besides chalk, grade books, paper, writing materials, postage, program advertisement, subscriptions, telephone bills, leases and reproduction costs for handouts, this \$3,000 must also cover purchase of resistors, capacitors, transistors, wire, hardware to repair test leads, integrated circuit chips, printed circuit boards, replacements for tools and other items that wear out due to fair-wear-and-tear. The \$1,500 in code 3001 for contractual maintenance cannot be used for commodity items. Code 3001 monies can only be used for maintenance agreements to maintain or to repair equipment. Included are items such as, xerox machine, our two typewriters, five microcomputers with peripheral equipment and all of our test equipment. We have over one hundred items of test equipment.

As I stated earlier, the upper levels of the University are arguing and pointing their fingers at each other as to who is at fault. I as a first line teacher/supervisor have no quarrel with the President of the Anchorage Community Colleges on down. I have no idea who is at fault in the upper levels of administration, I only know that I do not have the proper amount of monies to properly operate the Electronic Technology Program.

BUDGET SUMMARY

	FY 74	FY 75	FY 76
200 Travel	-----	-----	1,140
300 Supplies	3,911	5,420	1,978
400 Services	1,100	1,275	1,275
500 Student Aid	-----	-----	-----
600 Other	320	320	320
700 Equipment	<u>9,000</u>	<u>13,280</u>	<u>1,713</u>
TOTAL	\$14,331	\$20,295	\$6,420

	FY 77	FY 78	*FY 79	FY 80
2001 Travel	1,273	900	-----	-----
3001 Contract & Repair	1,923	1,900	2,000	1,500
4001 Expendables (commodities)	2,420	9,200	4,100	3,000
5001 Equipment	<u>9,356</u>	<u>4,000</u>	<u>11,000</u>	-----
TOTAL	\$14,927	\$16,000	\$17,100	\$4,500

\*FY 79 - The voters approved a bond for the University of Alaska. The Electronics Technology Program received \$31,867.70. This was in addition to the \$11,000 shown in 5001.

February 26, 1980

Rep. Thelma Buchholdt  
Chairperson House Health  
Education & Social Services Committee  
Pouch V  
Juneau, AK 99811

Dear Thelma,

The committee for Community College Autonomy reviewed HB651 and the comments made by John Chenoweth, Legislative Counsel. We wholeheartedly endorse the bill. We did have several suggestions of minor changes which I communicated verbally to your assistant. The following is to give you written confirmation of those suggestions.

1. Our suggested draft included the following in Sec. 14.42.230(a)

Sec. 14.42.230. FINANCE. (a) The state is basically responsible for the funding for all community college, extension center or outreach programs and activities.

However, nothing in this chapter prohibits a school district, municipality, federal agency or nonprofit corporation or association from providing funds for additional courses and programs which may be considered appropriate under Sec. 210(a)(3) of this chapter.

We feel that it is important to retain this statement in the bill. Mr. Chenoweth felt this was a philosophical statement that might better be included in a purpose or intent clause. We suggest incorporating this statement on page 2 line 8 as item (c).

On page 17 add the word same on line 21 to read as follows: "Alaska, the same shared or joint use of these facilities..." After line 26 add the following: Subsequent changes are subject to mutual agreement of both boards.

These suggestions are made because there was fear that in the transition period there might be an attempt on the part of the University to preempt community college use of facilities. These two changes would insure status quo in the transition and provide for future flexibility.

On page 18 line 2 we suggest changing shall to may, so that it reads "...the two boards may enter into a contract ..."

It was our feeling that it would allow for more flexibility in the future if this were made a permissive rather than a mandatory statement.

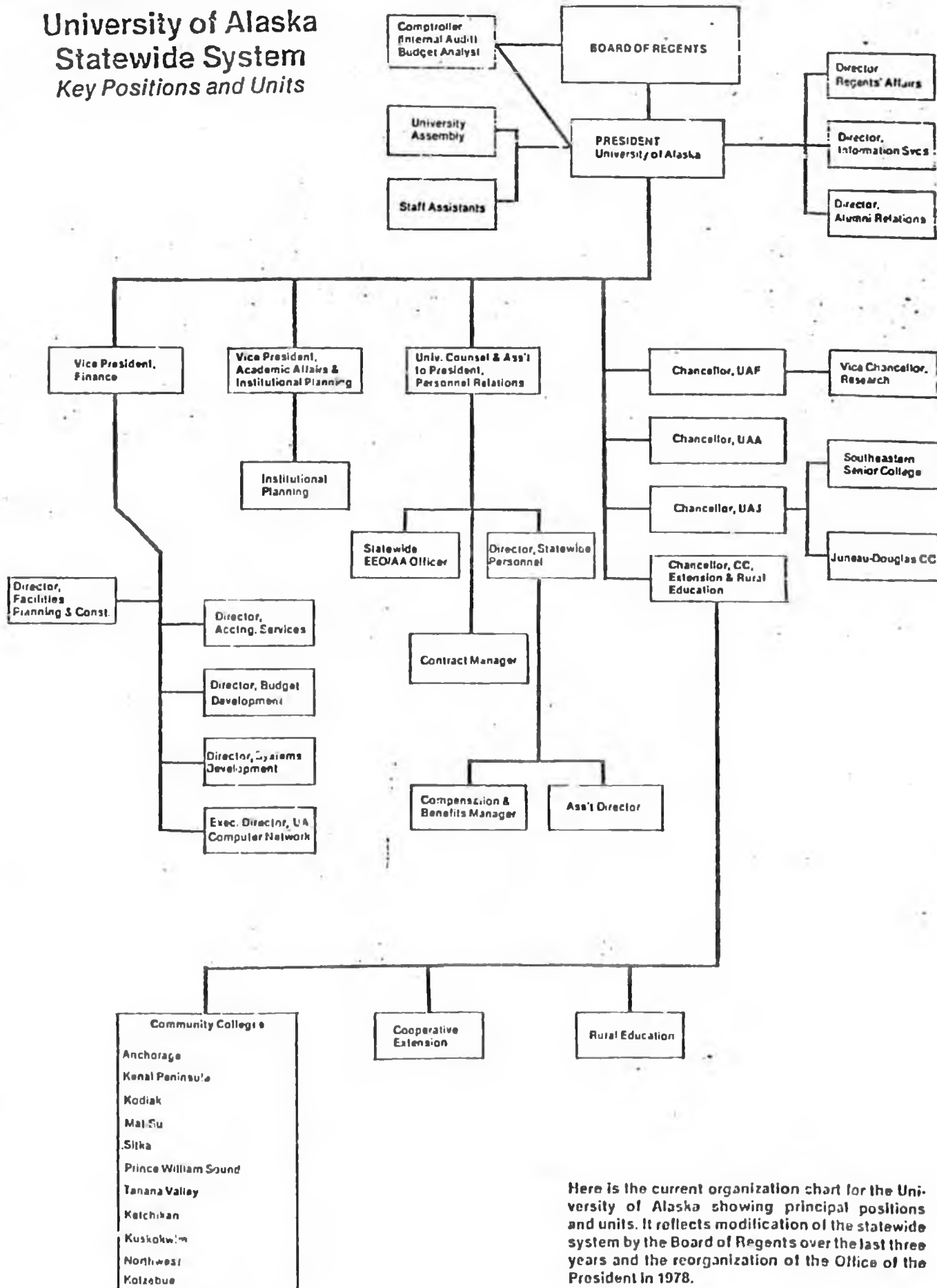
We have some concerns about page 24 line 5-13. We are awaiting a legal opinion as to whether this fully protects the employment rights of all present community college staff. We will notify your office immediately if our counsel suggests any change.

On behalf of the committee I would like to express our appreciation for your efforts on our behalf.

Thank you,

Miriam Carlson

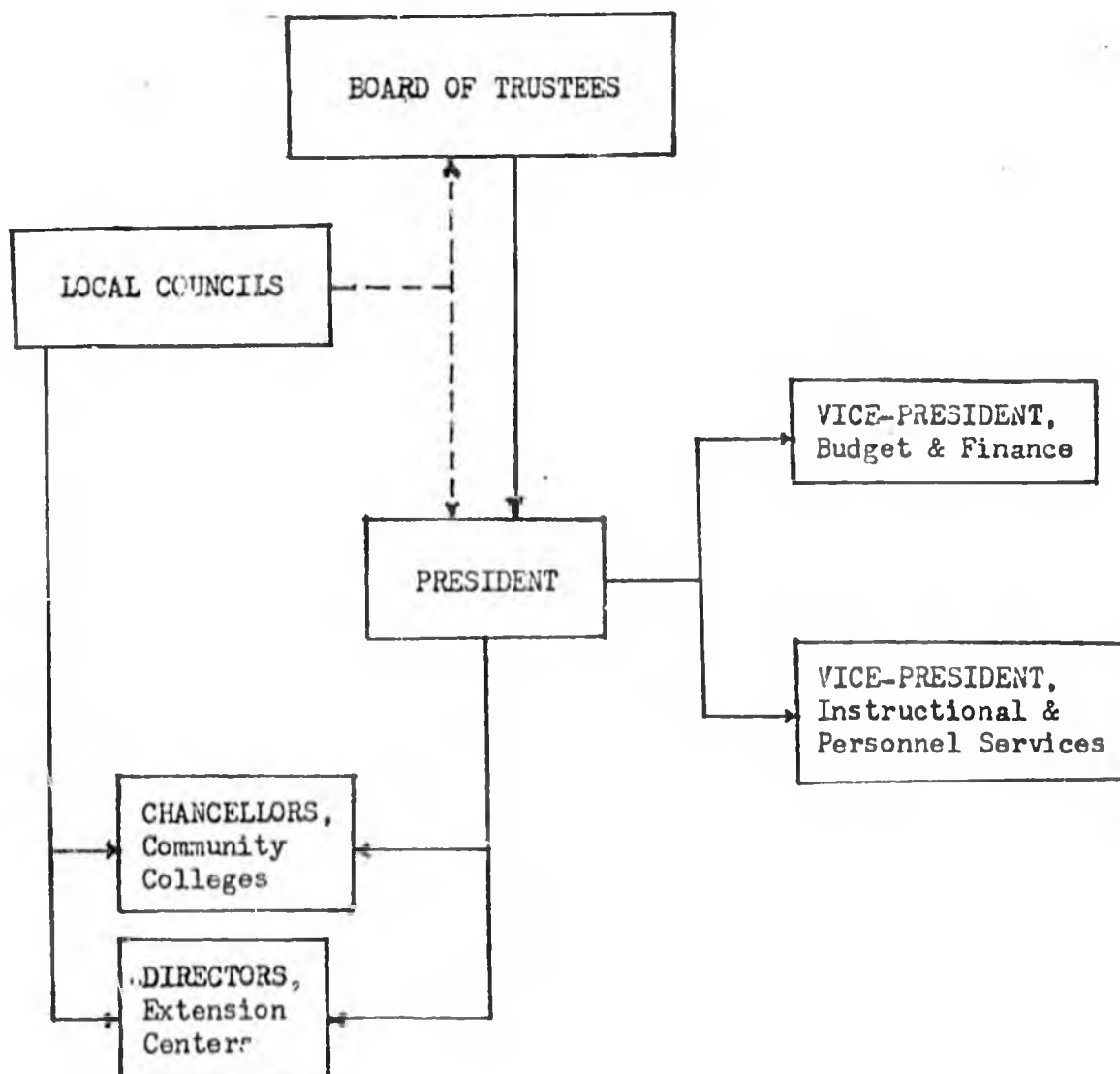
# University of Alaska Statewide System Key Positions and Units



Here is the current organization chart for the University of Alaska showing principal positions and units. It reflects modification of the statewide system by the Board of Regents over the last three years and the reorganization of the Office of the President in 1978.

ALASKA COMMUNITY COLLEGE SYSTEM

Proposed Organization Chart



Direct ———

Advisory - - - -

February 26, 1980

Representative Buchholdt  
Chairperson, House H.E.S.S. Committee

Dear Chairperson Buchholdt and Members of the Committee:

I regret that I am unable to appear in person to testify in support of HB 651 and the establishment of a statewide community college system. I have a very large class tonight that requires advance preparation during the hours that the teleconference is scheduled. I do hope that this written statement will suffice.

I am a teacher of history and geography at Anchorage Community College. Since my initial hire in 1972, I have been involved in a number of programs at A.C.C. I am probably best known for the numerous film series and film classes offered on campus, but I have also been actively involved in organization and promotion of study tours; in fact, this year we are offering our sixth study tour to the Hawaiian Islands. I am presently serving as faculty advisor for the soon-to-be-organized Anchorage Community College Student Association and was a member of the University Assembly and chairperson for the Student Affairs Committee in 1975-76.

I must be quite candid and say that I have supported autonomy for the community colleges of Alaska ever since I have been at A.C.C. I came to Alaska from the state of California where the role of the community colleges in higher education is clearly defined and actively supported by individual communities throughout the state. In California, the community colleges are viewed as the foundation of the state's educational system, offering a number of courses and programs of interest to the respective community, as well as serving as a source of students for the University of California and the California State University and College system.

In Alaska, the situation is not quite so clearly defined. Despite the existence of a statewide network of community colleges, they are all under the monolithic control of the University of Alaska system, an organization which does not seem certain as to the role it wishes the community colleges to play. The history of Anchorage Community College (the largest community college in the system) certainly demonstrates this confusion.

When I first arrived, A.C.C. was administered under the "Southcentral Region" office of the University. Within two years, it was decided that A.C.C. and the Senior College of this Southcentral Region were to be merged into a single entity, the University of Alaska-Anchorage. A.C.C.'s identity was soon lost as we became a "happy family" under the U.A.A. logo.

The attempt to merge two educational institutions with differing educational goals and purposes, was, as you are hopefully aware, an outright disaster. Yet the uneasy "marriage" of A.C.C. and U.A.A. continued for nearly three years until the Board of Regents declared a "divorce" in 1977. The impact of this marriage on the respective institutions was one from which we are still trying to recover today, yet it appears as though such mistakes can be repeated. Within the past year, the same situation that was forced upon A.C.C. has now been placed upon Juneau-Douglas Community College. Worse than the A.C.C.-U.A.A. situation, J.D.C.C. has had its academic programs placed under the banner of the University of Alaska-Juneau, leaving the community college as little more than a "voc-tech" school.

These actions by the University administration and the Board of Regents are particularly astonishing in light of the fact that community colleges are increasing in importance nationwide while the traditional four-year institutions are facing stabilizing (if not declining) enrollments and, in some cases, fiscal problems of major proportions.

I don't wish to argue for the discontinuance of the University of Alaska system. Indeed, their programs of research and degree-oriented courses should be allowed to continue and grow. However, this should not be at the expense of the community colleges. Community colleges have their place and purpose in higher education in serving transfer students (those in pursuit of a bachelor's degree), vocational and technical training, and community interest programs. Under the present system, this growth and development has not been allowed to take place to the full potential of which Alaska's community colleges are capable. It is my firm belief that the community colleges can successfully serve the educational goals and needs of the people of the state of Alaska only through the creation and the active support of a separate community college system.

Sincerely,

A handwritten signature in cursive script that reads "Ron Crawford". The signature is written in dark ink and is positioned above the typed name and title.

Ron Crawford  
History/Geography Teacher  
Anchorage Community College

March 25, 1980

Rep. Thelma Buchholdt, Chairperson  
Committee on Health, Education and Social Services  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Thelma,

Mim Carlson and I appreciated the opportunity to meet with you and Kerry Romesburg regarding HB651. We're happy that you both were supportive of our proposal for a joint legislative interim study of higher education needs in Alaska. While we continue to support the provisions of HB651, we do understand the reluctance of the Legislature to take such a significant step as separation of the community colleges from the University system without further inquiry into the effects of such a move. We feel that an interim study would clarify the issues which have been raised.

Our recommendation is that a joint legislative committee be established consisting of two members from each house of the Legislature, with the Executive Director of the Postsecondary Commission on Higher Education serving in an ex-officio capacity. The committee would employ a Director for the study and other staff support. The committee would be charged to examine, review and report on the structure of higher education in Alaska, with the following goals in mind: .

1. Review of missions, goals and objectives of the University of Alaska and its component parts.
2. Comparison of the structure of public higher education in Alaska with structures in other states.
3. To make recommendations regarding structuring public higher education in Alaska to fulfill missions with emphasis on maximum responsiveness to community needs and cost effectiveness.

We feel that the committee should provide every opportunity for interested persons throughout the State to express their views on this vital subject, and we would urge that sufficient hearings be held to accomplish this. The committee should also avail itself of all possible expert opinions in all phases of higher education. We would hope that sufficient funding to accomplish these objectives would be made available.