

2273 HHESS HB 514 - HB 548

Curriculum, like teacher qualities, is a central feature distinguishing sectarian private schools from public schools and parental preferences for a private school are often based upon this distinction. It is well known that public schools are generally restricted in their ability to transmit Christian values. See Abington Township School District v. Schempp, Murray v. Curlett, 374 U.S. 203 (1963) (Prohibiting Bible reading in public schools except when studied as literature); Engel v. Vitale, 370 U.S. 421 (1962) (Prohibiting recitation of government composed prayer in public schools). In sharp contrast, sectarian schools are very concerned with the transmission of these values. In the case of Catholic schools it has been noted:

The specific mission of the school, then, is a critical, systematic transmission of culture in the light of faith and the bringing forth of the power of Christian virtue by the integration of culture with faith and of faith with living. Consequently, the Catholic school is aware of the importance of the Gospel-teaching as transmitted through the Catholic Church. It is, indeed, the fundamental element in the educative process as it helps the pupil towards his conscious choice of living a responsible and coherent way of life.

SACRED CONGREGATION FOR CATHOLIC EDUCATION. THE CATHOLIC SCHOOL (1977), at no. 49.

The pervasive importance of gospel teaching is further emphasized in its lack of confinement to specific religion courses in a sectarian school and its role in insuring that students obtain more than a mere intellectual appreciation of the truths of Christ:

Without entering into the whole problem of teaching religion in schools, it must be emphasized that, while such teaching is not merely confined to "religious classes" within the school curriculum, it must, nevertheless, also be imparted explicitly and in a systematic manner to prevent a distortion in the child's mind between general and religious culture. The fundamental difference between religious and other forms of education is that its aim is not simply intellectual assent to religious truths but also a total commitment of one's whole being to the Person of Christ.

Id. at no. 50.

Obviously, sectarian schools, including Catholic schools, must have significant latitude in the development of their curricula if they are to serve as effective objects of parents' constitutionally protected rights to educate their children in accordance with their religious beliefs. However, the framework of state regulation of private school curricula in this case has great potential to impair this required freedom. The "same standard" language of the involved statute is construed to require comparison to the local public school curriculum,² but is sufficiently vague to permit a number of different modes of enforcement. If the enforcing entity were to interpret this language only to require a review of course titles to see that the sectarian school curriculum included instruction in the acknowledged universal "basics" of education, there would normally not be significant impairment of religious freedom. But, even under this minimal review there would be a potential for significant potentially objectionable courses in areas such as sex education or "values clarification" which can be found in many public school curricula.

Further, the language of the involved statute does not require the enforcing entity to limit its inquiry into whether private schools are of the "same standard" as public schools to an examination of course titles. If an enforcing entity were to determine that the "same standard" requirement extended to the content of courses in each school, significant infringement of parental rights would result. This would occur because the content of a sectarian school course, in which the Gospel should be emphasized, could differ in major respects from similar courses in public schools in which the Gospel is not emphasized.

² See Sheridan Road Baptist Church v. State, No. 80-26205-A2, slip op. at 7 (Ingham Co. Cir. Ct. Dec. 29, 1982).

Thus, the ambiguous language of the statute, standing alone, results in great potential for infringement of parental rights under the Free Exercise Clause to educate their children in accordance with their religious beliefs. However, the significant difficulties inherent in this ambiguous statute are aggravated by the fact that the body enforcing the statute is not an "impartial" governmental body. Instead, the superintendent of the school district in which the sectarian school is located has enforcement responsibilities. See Sheridan Road Baptist Church v. State, No. 80-26205-A2, slip op. at 7 (Ingham Co. Cir. Ct. Dec. 29, 1982). It is not difficult to imagine the potential for abuse which may exist when a public school superintendent, whose system is losing students and state aid by the presence of vibrant sectarian schools, is given the responsibility to enforce the standards these sectarian schools must meet. Accordingly, the statute in this case represents a significant infringement of parents' constitutional rights to educate their children in accordance with their religious beliefs.

Although the statute significantly infringes upon parents' constitutional rights, there exists little relationship between the statute and the state's expressed purpose of "quality education." Initially, the trial judge correctly noted that the statute does not guarantee quality education on a state-wide basis, but instead merely insures that the private school will match the quality of the local public school. Further, if the statute only requires an inspection of course titles, it is difficult to see what major positive or negative impact it would have on the quality of education. Finally, if the statute requires a significant conformity between the content of private and public school courses, it could actually have the effect of reducing educational quality by forcing superior sectarian school courses to resemble inferior public school courses. In any event it is clear that the statute is neither an appropriate means to

achieve the stated purpose of quality education nor the "least restrictive means" to achieve this end. Accordingly, the statute is an unconstitutional infringement of sectarian school parents' Free Exercise rights to educate their children in accordance with their religious beliefs.³

³ Although this brief's focus has been on parental Free Exercise rights to educate their children in accordance with their religious beliefs, it appears that both the teacher certification and curriculum requirements create an unconstitutional excessive entanglement between government and sectarian schools. In noting that a more indirect regulation, involving sectarian school teachers' collective bargaining rights, could pose "entanglement" problems, the United States Supreme Court noted:

"Whether the subject is 'remedial reading,' 'advanced reading,' or simply 'reading,' a teacher remains a teacher, and the danger that religious doctrine will become intertwined with secular instruction persists." Meek v. Pittenger, 421 U.S. 349, 370 (1975). Cf. Wolman v. Walter, 433 U.S. 229, 244 (1977). Good intentions by government --or third parties--can surely no more avoid entanglement with the religious mission of the school in the setting of mandatory collective bargaining than in the well-motivated legislative efforts consented to by the church-operated schools which we found unacceptable in Lemon, Meek, and Wolman.

NLRB v. Catholic Bishop of Chicago, 440 U.S. 490, 501-502 (1979).

The thrust of the Catholic Bishop language would appear to be that, even if government regulation of sectarian school teacher qualifications and curricula did not impinge upon parental Free Exercise rights, pervasive regulation of these matters, which appears to be actually or potentially present in this case, could present an unconstitutional "excessive entanglement" between the state and sectarian schools. It would further appear that this rationale formed much of the basis of the ruling under review in this matter.

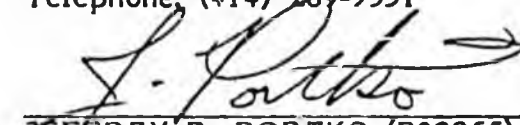
RELIEF

Based upon the foregoing discussion, the Catholic League for Religious and Civil Rights requests that this Court rule that 1921 Mich. Pub. Acts 302, Sections 1 and 3, MICH. COMP. LAWS. ANN. §§ 388.551 and 388.553 (1976), violate the Free Exercise Clause of the U.S. CONST., amend. 1, and award the Plaintiff-Appellees any relief to which they are entitled in this action.

Respectfully submitted, this 5TH day of July, 1983.



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ATTORNEYS FOR CATHOLIC LEAGUE
FOR RELIGIOUS AND CIVIL RIGHTS

Alaska State Legislature

REP. MAE TISCHER
CHAIRMAN



POUCH V
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(907) 465 3777

House of Representatives
HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

MEMORANDUM

TO: Representative Mae Tischer
FROM: Bill Lovell, Staff *Bill*
DATE: January 21, 1984
RE: Comparison of proposed CSHB 514 (HESS) and HB 514

For your information, I have compared the proposed HESS Committee Substitute for House Bill 514 to the original version of the bill.

Section 1 of the proposed CS has three changes from the original bill:

Page 1, lines 11 - 12, Adds "and in recognition of the right of parents to choose to have their children educated in private schools". The effects of the amendment are to balance the draft formation and to add additional emphasis to the independence and security of religious and other private schools.

Page 1, line 19, Adds a new subsection (3), to read, "to minimize regulation of private education." The effect of the new language is to further clarify and emphasize the intent of the bill.

Section 2 of the proposed CS contains no changes from the original bill.

Section 3 of the proposed CS has one change from the original bill:

Page 3, line 27, Substitutes "AS 14.45.100 - 14.45.140" for the original citation, "AS 14.45". This change is made upon recommendation of Legislative Counsel in order to correctly identify the accurate legal reference.

Section 4 of the proposed CS contains no changes from the original bill.

Section 5 of the proposed CS has one change from the original bill:

Page 6, line 13, Substitutes "grades four, six, and eight" for the original language, "grades one, three, six, and nine". The effect is to make testing requirements for private schools more in line with the testing requirements for public schools. At this time, the state requires a random sampling of school districts to administer a "student assessment" at least once a year to students in grades four and eight; this amendment adopts that requirement for all private schools and adds one additional required test in the sixth grade to further ensure adequate core education.

/wtl

STATE OF ALASKA
THE LEGISLATURE

FOUCHY STATE CAPITOL
JUNEAU ALASKA 99811
907 455 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 24, 1984

SUBJECT: Health and safety regulation
of private pre-elementary
schools (CSHB 514(HESS))

TO: Representative Mae Tischer
Chairman, House HESS Committee

FROM: Keith B. Levy *KB*
Legislative Counsel

You have requested an opinion on the implication of CSHB 514(HESS) with respect to health and safety regulation of private pre-elementary schools. The bill, while removing the supervision of private pre-elementary schools from the Department of Education, in no way removes the power of the Department of Public Safety to regulate these schools with respect to fire safety or the Department of Health and Social Services to regulate with respect to health standards. In fact, several sections in the bill as well as other provisions of law make it clear that private pre-elementary schools may be regulated with respect to health and safety.

To begin with, AS 14.07.020(7), as amended by section 2 of the bill, provides that the Department of Education shall:

prescribe by regulation, after consultation with the state fire marshal and the state sanitarian, standards that will assure healthful and safe conditions in the public and private schools of the state including a requirement of physical examinations and immunizations in private pre-elementary schools.

That section applies general health and safety standards to all the public and private schools in the state, including the private pre-elementary schools. It also imposes a specific requirement of physical examinations and immunizations on private pre-elementary schools. In other

Representative Mae Tischer
Page 2
January 24, 1984

words, private pre-elementary schools are subject to health and safety regulations generally under the bill.

Moreover, Title 18 of the Alaska Statutes sets out provisions for health and safety, all of which, if appropriate, apply to private pre-elementary schools unless some specific exemption exists. There is no such exemption in CSHB 514 (HESS).

Specifically, AS 18.70.080 provides for the Department of Public Safety to adopt regulations for fire safety applicable to all public buildings. "Buildings" is defined very broadly in AS 18.70.300 and would clearly apply to private pre-elementary schools.

In conclusion, CSHB 514 (HESS), while providing that private pre-elementary schools are no longer subject to regulation by the Department of Education, has no effect on the ability of other departments to regulate these schools with respect to health and safety.

KBL:ojb
J2/070

January 18, 1984

I want to thank the sponsors of HB 514 and Senate Bill 354 for their attitude, concern, and intentions. The purpose of this legislation as expressed is excellent. The assurance of religious liberty and a child's education without conflict is supported by most of us. However, there is an incongruence in the bill as written. Section I subsection (1) states that "the state shall not control or interfere with the rights of conscience and religious liberty;". Yet, in this bill churches seeking exemptions have to meet conditions and file reports to the state.

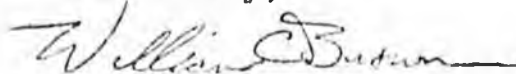
I am the Minister of Education for Glacier Valley Baptist Church, in Juneau. As a church we can not request or accept an exemption from the Department of Education. Exemptions can only be granted to a lesser by a greater power. We can not take an easy way out from possible confrontations if that way involves denial of the Sovereignty of our Lord.

The state can still meet its obligations of ensuring that a child receives an education that prepares him as a viable member of society, by placing the primary responsibility of education where it belongs, on the parent. The parent should be responsible for the reports to the state if he elects to educate his child in a program other than the public schools, or state controlled alternatives.

In view of the purpose of this legislation, please see my enclosure for the suggested changes.

Thank you.

Sincerely,



William E. Brown

Minister of Education

Page 1 line 16 DELETE "all" from all education. In line 19 one example is given that voids the "all" aspect.

Section 14.45.030. page 5 lines 3-9 DELETE If you don't meet the requirements of the exemption (voluntary or otherwise) you are under Department of Education's control.

Section 14.45.100. page 5 lines 11-16 DELETE Asking for an exemption implies recognition of control or higher authority. This is incongruent to the stated purpose of the legislation in Section I subparagraph (1) and (2)

Page 5 lines 25, 26, 27 recognizes the local public school superintendent as in authority over the church school.

Page 5 lines 28, 29 Page 6 lines 1-5 Entangles the church school unnecessarily and once again places the school as answerable to the state.

Page 6 lines 6-11 Testing requirements DELETE (a) A religious or other private school" Excessive entanglement.

Page 6 lines 14-19 Subsection (c) DELETE

CHANGES

Article 2 Section 14.45.100. Children Enrolled In Private and Religious Schools.

Parents choosing to enroll their children in schools where the laws and regulations relating to education except law and regulations relating to physical health, fire safety, sanitation, immunization, and physical examinations are not applicable must file notice of enrollment with their local public school district.

Section 14.45.110 Parental Responsibilities concerning non licensed education.

Page 5 lines 18-24 Remain

line 25 DELETE school shall notify, add "the parent shall notify."

Page 6 lines 6-11 change "a religious or other private school" to "a parent"

Page 6 line 8 change "shall administer" to "shall submit the results"

Page 6 line 14-19 Subsection (C) change line 19 from "the composite test results" to "the student test results from a non licensed school utilized by parents in compliance with AS 14.45.100-AS 14.45.140"

Page 6 lines 28-29

A parent or guardian that elects to comply with AS 14.45.100-14.45.140 shall file an annual report reflecting standardized test scores, past year's grades, and approaching year's course of study, no later than October 1. Students enrolled for the first time in a non licensed church or private school will not be required to report previous year's performance.

Page 7 lines 1-3 DELETE. Insert A student that transfers from an alternative education covered by AS 14.45.100-14.45.140 to a public school shall have records that reflect immunizations, physical examinations, standardized testing, academic achievement, and courses attended.

Page 7 lines 4-7 DELETE - excessive entanglement

NOTICE OF ENROLLMENT IN A NON-LICENSED SCHOOL
198__ SCHOOL YEAR

STUDENT'S NAME _____ AGE _____ GRADE _____

SCHOOL PROVIDING SERVICES _____ CITY _____

COURSE OF STUDY FOR THIS ACADEMIC YEAR

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

REST OF FORM IS TO BE COMPLETED FOR STUDENTS CONTINUING IN A NON-LICENSED SCHOOL.

COURSES TAKEN PRIOR ACADEMIC YEAR. LIST GRADES EARNED.

_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

IF A CHILD WAS IN GRADES ONE, THREE, SIX, OR NINE, COMPLETE THE FOLLOWING STANDARDIZED TEST INFORMATION.

NAME OF TEST	DATE	PCTL SCORES			
	ADMINISTERED	ENGLISH GRAMMAR	READING	SPELLING	MATHEMATICS

PARENTS OR GUARDIAN'S SIGNATURE _____

ADMINISTRATOR'S SIGNATURE OF
SERVICING SCHOOL _____

level of safety for 3-5 year olds. Most parents assume that teachers and staff have received a Tine test, since that is required so uniformly of people dealing with children. Most parents are unaware that in spaces smaller than that which allows 35 sq. ft. per child (the minimum for day care licensing), crowded conditions increase the incidence of sickness and disease.¹ In addition in those same conditions children are more likely to be less involved and interested and more aggressive while teachers tend to be more restrictive and arbitrary.² Parents assume that a program caring for their children has insurance coverage. Most parents assume that at least some of the staff has first aid training and that planned and practiced emergency procedures are in place. None of these are assured when a program is exempt from minimum state regulation, although nowhere does this bill require exempt programs to inform its parents that it has chosen to remove itself from state regulation.

Both the League and AAUW believe that "regulations and standards appropriate to the locale and involving health, nutrition, safety, space per child, and staff training should be adopted by state...governments"; that regulatory licensing by the state for care of children during the day is necessary; and that "essential in a full day care situation are a tight child-staff ratio and the provision of nutritional meals and snacks." Because of these positions we feel that permitting all private pre-schools, including those who care for children up to 10 hours/day, is an unwise move. Since the legislature is determined to do this, however, we support the Senate amendment that would exempt only those pre-elementary schools which have connections with an established elementary program. We feel that greater internal control may result in such situations, and the public is protected from unscrupulous programs providing all day care of children, but simply using the "pre-elementary" term as a convenient way to escape licenture.

In addition we support the Senate amendment that specifically spells out that programs serving pre-kindergarten kids may not be exempt from regulation if it receives state payments or subsidies. We feel it is important to make that clear since private pre-schools may be eligible for state monies through the Child Care Revolving Loan Program, the Child Care Food Program, Chapter I monies, and the Rural Development Assistance Program (according to the Senate Advisory Day Care Status Report). The state should not help to finance those programs which may be physically or mentally unhealthy for young children. Thank you.

1. Senate Advisory Council. "Day Care in Alaska: A Status Report."
2. Division of Internal Audit. Office of the Governor. "The Department of Education Needs to Improve Management of Preschool Programs."

PROPOSED AMENDMENT TO
CS FOR SENATE BILL 354 (Judiciary)

*Section 1. PURPOSE. In conformity with the fundamental right to freedom of religion guaranteed by the constitutions of the United States and the State of Alaska; and in recognition of the right of parents to choose to have their children educated in private schools; it is the purpose of this Act

(1) to ensure that in matters of education by religious organizations, the state shall not control or interfere with the rights of conscience and religious liberty; and

(2) to further the state's legitimate interest in ensuring the quality of all education, and

(3) to allow diversity in education by encouraging private education.

*Bill,
Mac wants to
add this to the
CS you're working
on.*

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: H.B. 514
 Title: An Act relating to the regu-
 lation of private schools
 Sponsor: Tischer, et al
 Requestor: _____
 Date of Request: 1/23/84

FISCAL DETAIL

Agency Affected: Environmental Conservation
 Program Category Affected: NRMEC
 BRU, Program or Subprogram(s) Affected: _____
Environmental Quality Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		0	0	0		
200 TRAVEL		0	0	0		
300 CONTRACTUAL		0	0	0		
400 SUPPLIES		0	0	0		
500 EQUIPMENT		0	0	0		
600 LAND & STRUCTURES		0	0	0		
700 GRANTS, CLAIMS		0	0	0		
800 MISCELLANEOUS		0	0	0		
TOTAL OPERATING		0	0	0		
CAPITAL		0	0	0		
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		0	0	0		
FEDERAL FUNDS		0	0	0		
OTHER		0	0	0		
TOTAL		0	0	0		

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Joe Cladouhos, Director Phone: 465-2640
 Division: Environmental Quality Management Date: 1/23/84

Approved by Commissioner: Richard Neve Date: 1/23/84
 Agency: Environmental Conservation

Distribution (by Agency preparing fiscal note):

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

12/1/83

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

BILL SHEFFIELD, GOVERNOR

REPLY TO:

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POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

465-3603

January 23, 1984

The Honorable Mae Tischer
Alaska State House
Pouch V
Juneau, AK 99811

Re: CSHB 514 (HESS)

Dear Representative Tischer:

You have asked that we indicate whether CSHB 514 (HESS) remedies the equal protection problems which we identified last year during consideration of HB 357. We believe that it does. For additional detail, please refer to our review of SCS CS HB No. 357 (Rls) am S, a copy of which is enclosed.

If you have other questions, do not hesitate to contact this office.

Sincerely,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By: *Linda Stovica for*
Thomas H. Robertson
Assistant Attorney General

THR:jal

Enclosure

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST
 Bill/Resolution No.: HB No. 514
 Title: An Act relating to the regulation of private schools.
 Sponsor: Tischer, Furnace, et al
 Requestor: HESS
 Date of Request: 1/15/84

FISCAL DETAIL
 Agency Affected: Health and Social Services
 Program Category Affected: _____
 BRU, Program or Subprogram(s) Affected: Direct Delivery Service

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOT. OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

N/A

ANALYSIS: Attach a separate page for analysis

Prepared By: Michael A. Price Phone: 465-3170
 Division: Family and Youth Services Date: _____

Approved by Commissioner: Robert London Smith Date: 2/9/84
 Agency: Dept. of Health & Social Services

- Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

12/1/83

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B

5

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COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

(7)

1/15/84

Date: MARCH 21, 1984

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had RB 515

"An Act making a special appropriation to the University of Alaska Anchorage, Alaska Center for International Business; and providing for an effective date."

under consideration and recommends:

do pass do not pass

do pass with attached amendments(s)

replace with CS for _____ same title new title

and recommends _____

AND attaches a "Letter of Intent" New Fiscal Note

reports it back without recommendation Zero Fiscal Note Attached

referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Rich Kelly
Tom Martin
Maureen
Ann Vesting

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
[Signature]

Maureen
CHAIRMAN

A PROPOSAL TO ESTABLISH THE . .
ALASKA CENTER FOR INTERNATIONAL BUSINESS

Submitted to the University of Alaska

President
and
Board of Regents

December, 1983

University of Alaska, Anchorage

A Proposal to Establish the
ALASKA CENTER FOR INTERNATIONAL BUSINESS

OVERVIEW

Alaska must increasingly look to the utilization of its natural resource base and the development of international markets to sustain its history of economic growth. Such development will occur primarily in response to market system forces and the broader socio/legal structure within which the market system functions. However, total reliance on the unfettered functioning of the market system does not ensure that Alaska will enjoy an optimum rate of resource development and economic growth. There are two fundamental reasons for this.

First, the institutional framework within which the market system functions may impose external barriers which preclude or hamper resource development and the establishment of international markets. The prohibitions on round log exports and federal legislation that prevents the export of North Slope crude are both examples of institutional barriers.

Second, there is a strong probability that the functioning of markets may suffer from internal inefficiencies. The efficient operation of markets is highly dependent upon several critical factors, including the quality of information and knowledge about markets, the costs of transactions, the absence of significant external costs and benefits, and economies of scale.

Public policy and public institutions have a major role to play in dealing with both the problems of institutional barriers and the inefficient functioning of markets. It is within this context that the proposal for the Alaska Center for International Business is presented.

The mission of the Center is simple and specifically focused.

The Center is to facilitate the development of sound business and economic relations between Alaska and Pacific-Asian nations, circumpolar regions, and other nations.

In carrying out this mission five objectives are identified.

1. To foster a better understanding of business and economic relationships between Alaska and Pacific-Asian nations and others.
2. To provide members of business and government, through instruction and training, the specific skills and techniques needed for doing business with nations in Pacific-Asia and other regions of the world.
3. To analyze the opportunities for, and constraints on business and economic relations in both the private and public sectors.

4. To carry out research on international markets and marketing designed to facilitate the development of Alaska resources and the establishment of markets for these resources.
5. To establish a central point for the acquisition, analysis, and dissemination of information specifically related to international markets and Alaska resources and economic conditions.

To achieve these objectives the Center is structured around three major components; instruction, including professional training and development, research, and public service. The emphasis within instruction is focused on two related aspects. First, an integrated set of professional training and development seminars and short courses will deal specifically with the issue of "how to do business with Pacific-Asian nations and others." A similar set of short courses and seminars will be provided for representatives of Pacific-Asian and other nations, with the focus shifted to "how to do business in Alaska." The second instructional emphasis focuses on "internationalization" of the UAA School of Business and Public Affairs curriculum. This would be accomplished in two phases. Initially, appropriate existing courses would be revised to provide more substantive international content. As the Center capabilities grow specific international business courses would be introduced into the curriculum.

The research component has as its focus applied research, aimed at two major areas. The first is international markets and marketing. The second addresses the broader question of institutional constraints and barriers and public policy solutions.

The service component is built around the establishment of a comprehensive computerized data base detailing international markets and economic conditions, and Alaska resource availability. Dissemination of data base information, coupled with research analyses and Center reports will constitute the major service effort.

The development phase of the Center envisions the creation of a one-half time director position, five full time faculty positions, and six research associate positions. By the end of the first five years it is anticipated that a substantial portion of Center activity will be self supporting. The Center will actively seek permanent endowment for two of the full time faculty positions. It is also projected that grants and contractual research will provide the majority of funding for research activity by the end of the development phase. Finally, the professional development and training instructional program would be largely on a self support basis.

In summary, we are proposing the establishment of a center to address a specific, critical need of Alaska. It is highly appropriate that the center be located within a university setting, with its unique combination of instructional, research, and public service capabilities and its abilities to blend both private and public sector support.

A PROPOSAL TO ESTABLISH THE
ALASKA CENTER FOR INTERNATIONAL BUSINESS

Need

Alaska occupies a strategic position in the future of Pacific Asia's accelerated economic growth and development. Credence is given to this fact but the implications are scarcely understood. Major cultural and institutional barriers exist in the development of constructive business and economic policies and relations. Even simple matters prove to be chronic road blocks, restricting and hampering Alaska's international business in this fastest developing region of the world. By the turn of the century, forecasters project that the major center of business activity will shift from Europe and even possibly the U. S. North Atlantic to Pacific Asia, mainly Japan (pop. 115 million) and to the four so-called little dragons--South Korea (pop. 40 million), Taiwan (pop. 20 million), Hong Kong, and Singapore. If the Peoples Republic of China (pop. 1.2 billion) continues its economic reforms, then another tremendous segment will be added to this vast economic region. Equally important is the economic progress of Asian, with this collective of nations already a major trading partner of the USA.

Alaska will become the important bridge between the United States and Pacific Asia because of its strategic location and vast natural resources. The task now is to construct this bridge in a sound fashion. There is also a growing interest among non-pacific-Asian nations, including circumpolar nations, in developing a closer business and economic relationship with Alaska. Toward this end, this proposal is submitted.

Packaging and Delivering of the New Educational and Research Programs

The Commission on International Education of the American Council on Education has recently published a report entitled "What We Don't Know Can Hurt Us: The Shortfall in International Competence," that points out the critical importance of international competence and awareness to the United States. It also points out that the economic, political, and intellectual well-being of the United States is increasingly related to our ability to interact intelligently, effectively and incisively with the rest of the world. The Council of Graduate Schools in the U.S. passed a resolution urging increased federal, state, and private support for international educational programs in order to enhance the international competence of the people of the United States.

While there is a need for general education and understanding of the Pacific Asian region, it is suggested that the best academic results may be achieved if this educational program is packaged and delivered in functional and professional terms. In recent years the American Assembly of Collegiate Schools of Business (AACSB) has conducted in-depth studies on the curriculum content of international business including subject matter courses, research needs, and academic competencies for instructional staff. This has resulted in a new emphasis on "the internationalizing" of business education in institutions of higher learning.* Guidelines are being issued as to how this may be achieved.

* See Lee C. Nehrt, Business and International Education, A Report Submitted by the Task Force on Business and International Education to the Government/Academic Interface Committee, International Education Project, American Council on Education (Washington, D.C.: International Education Project, American Council on Education, 1977).

It is recognized that U. S. business success increasingly must occur in a growing, interdependent world. American businessmen in larger numbers must become cosmopolitan in both attitude and perspective.

The program of the proposed center will have the following components: academic instruction, including professional training and development, research, and public service. It must be treated as a constituent component within the UAA system. While based in the School of Business and Public Affairs of UAA, its academic staff must be drawn from the entire university faculty--with all of the important disciplines incorporated into the endeavor. A model drawn from the referenced report on business and international education will be used to organize the discussion on the proposed UAA program (See Figure 1).

Mission

The Center is to facilitate the development of sound business and economic relations between Alaska and Pacific-Asian nations, circumpolar regions, and other nations.

Objectives:

1. To foster a better understanding of business and economic relationships between Alaska and Pacific-Asian nations and others.
2. To provide members of business and government, through training and instruction, the specific skills and techniques needed for doing business with nations in Pacific-Asia and other regions of the world.
3. To analyze the opportunities for, and constraints on business and economic relations in both the private and public sectors.
4. To carry out research on international markets and marketing designed to facilitate the development of Alaska resources and the establishment of markets for these resources.
5. To establish a central point for the acquisition, analysis, and dissemination of information specifically related to international markets and Alaska resources and economic conditions.

Strategies

Three strategies are designed to accomplish these objectives: instructions including professional training and development, research, and public service.

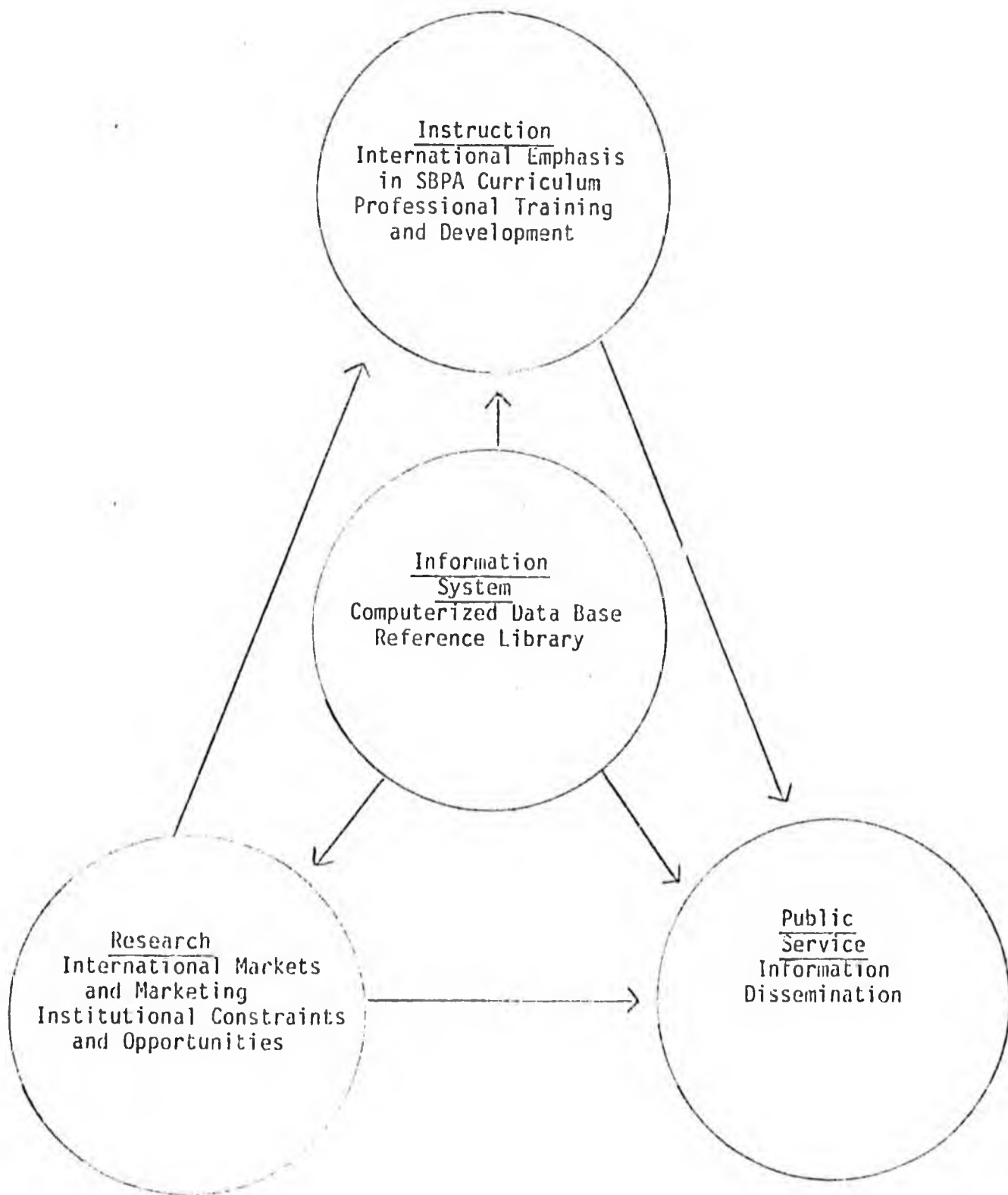
I. Instruction

A. Academic Instruction (curriculum)

Following the recent guidelines of AACSB, it is proposed that the current curriculum of the School of Business and Public Affairs be internationalized by infusing various aspects of international business into present courses (internationalization of SBPA curriculum). The existing courses which are germane to the proposed center program are:

FIGURE 1

INTERDEPENDENCIES BETWEEN MAJOR COMPONENTS OF THE CENTER



BA 325	Financial Management
BA 331	Business Law
BA 335	Management Principles and Practices
BA 343	Principles of Marketing
BA 426	Financial Markets and Institutions
BA 488	Social Issues in Business
ECON 423	Comparative Economic Systems
ECON 435	Economics of Resources
ECON 463	International Economics
PA 634	Resource Policy Administration
BA 652	International Comparison of Business Practices

In addition, new upper division courses such as International Accounting, International Business (with Pacific-Alaska emphasis), International Marketing (with Pacific-Asia emphasis), and International Management should be introduced, as well as two graduate level seminars on International Business and International Marketing. To provide academic strength for these courses, students would be encouraged to take appropriate courses in international relations, Asian history, foreign languages, education, computer science, engineering, psychology, anthropology of developing countries and Alaska resources, including marine policy and management.

B. Professional Training and Development

A wide range of programs and activities will be undertaken to provide Alaskan people (government officials, business and industry leaders, resource developers and foreign traders, and students) training and instruction in "how to do business with the Pacific nations", and to train the Pacific-Asian people in "how to do business with Alaska". For the immediate future, special seminars, workshops, short-courses and conferences would constitute the primary activity of the center. These would be packaged essentially for special clientele. The central theme throughout the conduct of these special educational activities should be the enhancement of business diplomacy skills, i.e. "How to do business". The center will work on these projects in cooperation with the UAA Office of Conferences and Continuing Education.

The following topics will be offered through seminars, workshops, short-courses, and conferences;

1. Language: intensive, short language courses to introduce cultural values and business etiquette (e.g. Japanese, Korean, Mandarin for businessmen)
2. Business customs, ethics and culture in comparison.
3. Negotiation techniques.
4. Business law: Legal framework of international business (U.S., Alaska and Pacific nations).
5. International marketing: products, demand, supply and consumption in Pacific-Asia and Alaska.
6. Governmental, economic and social structures of Pacific nations.
7. Transportation for international trade
8. International finance.
9. Export and Import potential in Pacific-Asia nations.
10. Cross-cultural Management.
11. Government and Business Relationships: regulation, planning and attitudes toward government and business.

II. Research

The major focus of the center's research activities will be on Alaskan issues and problems related to international business, marketing, trade, resources development, and political, legal, institutional, financial and economic opportunities and constraints. These research activities would be conducted through organized research and development. Faculties from SBPA, sociology, computer science, foreign languages, political science, engineering, anthropology, education, and psychology, etc. of UAA, the Center's visiting and exchange professors, and other noted experts would be invited to jointly conduct research and development activities.

The needs for research are substantial. It is believed that extramural funding can be secured, especially in those areas vital to Alaska's business future. A problem exists, which is not necessarily unique, in securing start-up funds to prepare research proposals. We anticipate that this can be accomplished with present UAA funding to enlarge research activities.

III. Public Service

The center will establish a computerized, comprehensive information and data base on Alaska, Pacific-Asian nations and other related countries which will be accessible to interested individuals and organizations.

The information acquisition, analysis and dissemination activities will be accomplished through close cooperation with the library. The research information will be specifically disseminated for the business community and government through various forms of publications and direct inquiry.

Specific Program Detail

The following pages provide extensive detail on projected Center activities. The material is organized by "key result area." Each key result area identifies one or more "indicators", which in turn are keyed to specific program objectives. A summary of key result areas and associated indicators and objectives is followed by detailed statements.

SUMMARY: THE ALASKA CENTER FOR INTERNATIONAL BUSINESS

KEY RESULTS AREAS	INDICATORS	OBJECTIVES
<p>(1) Formal Academic Instruction</p>	<p>(1)-(1) Faculty Positions Approved</p>	<p>(1)-(1)-(1)--To get approval for 1/2 Director and five faculty positions from the Board of Regents, Governor and Legislature beginning FY '85 through FY '87.</p>
	<p>(1)-(2) Quality of Faculty Recruited</p>	<p>(1)-(2)-(1)--To recruit 5 nationally and internationally known full-time faculty members in the fields of international business, marketing, resource economics, and international policy analysis beginning July 1, 1984 through 1987.</p>
	<p>(1)-(3) Courses Offered and Productivity</p>	<p>(1)-(3)-(1)--In order to internationalize business education, instructional courses are regularly offered for undergraduate, graduate students, industry and business leaders, and public officials in the areas of international business, marketing accounting, cultures, languages, and other related areas beginning Sept. 1984.</p>
<p>(2) Professional Development and Training</p>	<p>(2)-(1) Program Plan</p>	<p>(2)-(1)-(1)--To successfully and effectively deliver 8 to 10 professional development and training programs annually to targeted groups for the enhancement of skills and techniques, and information and knowledge about doing business between Alaska and nations in Pacific-Asia beginning Sept. 1984.</p>
	<p>(2)-(2) Programs delivered for People of Alaska</p>	<p>(2)-(2)-(1)--To effectively train people in business, industry and government in the specific skills and techniques necessary for doing business with nations in Pacific-Asia beginning Sept. 1984.</p>
	<p>(2)-(3) Programs delivered for business industry leaders of the Pacific-Asia nations</p>	<p>(2)-(3)-(1)--To deliver four programs annually to leaders of business and industry for Pacific-Asia nations, with the specific focus of "how to do business in Alaska" beginning November, 1984.</p>

SUMMARY: THE ALASKA CENTER FOR INTERNATIONAL BUSINESS

KEY RESULTS AREAS	INDICATORS	OBJECTIVES
(3) Research and Development	(3)-(1) Research Associate and Support Positions Approved	(3)-(1)-(1)--To get approval for 6 research associate position and a secretary from the Board of Regents, Governor and Legislature beginning FY '85 through FY '87.
	(3)-(2) Quality of Research Associates	(3)-(2)-(1)--To successfully recruit 6 competent research associates, four of whom will be either bilingual or multilingual to make significant contributions to international research activities beginning Aug. 30, 1984.
	(3)-(3) Amounts of Research Contracts	(3)-(3)-(1)--To obtain approximately \$200,000 in research grants per year beginning Jan. 1, 1987 and increase the research grants to \$400,000 per year beginning July 1, 1989.
	(3)-(4) Quality of Research	(3)-(4)-(1)--To effectively acquire, analyze and disseminate information, specifically related to Alaska resources, international business, and marketing through the publication of reports, information materials, and direct inquiry beginning July 1, 1985.
(4) Public Service	(4)-(1) Information System	(4)-(1)-(1)--To establish a comprehensive information system.
	(4)-(2) Information Dissemination	(4)-(2)-(1)--To establish systematic processes for dissemination of center information and research analyses.
(5) Visiting Diplomats and Scholars in Residence	(5)-(1) Instruction, Research, Public Services Provided	(5)-(1)-(1)--To utilize the talents and skills of visiting diplomats and scholars in residence in conducting research, instruction and public service.
(6) Fund Raising	(6)-(1) Permanent Endowment Fund	(6)-(1)-(1)--To receive \$3 million in endowment funds from the governments of Pacific-Asia and the State of Alaska, industry and other business organizations by July 1, 1988.
	(6)-(2) Amount of Funds generated by contributions and other grants	(6)-(2)-(1)--To receive \$30,000 contributions and non-contract grants per year beginning Jan. 1, 1986.

KEY RESULT AREA (1) Formal Instruction

INDICATOR (1)- (1) Faculty Positions Approved

OBJECTIVE (1)-(1)-(1)

To get approval for 1/2 Director and five faculty positions from the Board of Regents, Governor and Legislature beginning FY '85 through FY '87.

ACTIVITIES .

TARGET DATE

FY '85

1. To get approval for the center Director (1/2)
2. To get approval for one full-time faculty in International Business

July 1, 1984

FY '86

1. To get approval for 2 full-time faculty; in International Marketing and Resource Economics

July 1, 1985

FY '87

1. To get approval for 2 full-time faculty; in International Marketing and Policy Analysis

July 1, 1986

COMMENTS

Two full-time faculty positions will be directly supported by the Center's extramural funds beginning July 1, 1989.

KEY RESULT AREA (1) Formal Academic Instruction

INDICATOR (1)-(2) Quality of Faculty Recruited

OBJECTIVE (1)-(2)-(1)

To recruit 5 nationally and internationally-known full-time faculty members in the fields of international business, marketing, resource economics, and international policy analysis beginning July 1, 1984 through 1987.

ACTIVITIES

TARGET DATE

- | | |
|---|----------------|
| 1. Announce an international business faculty position | July 1, 1984 |
| 2. Hire adjunct faculty until a full-time faculty is recruited | August 1, 1984 |
| 3. Recruit a full-time international business faculty member | May 31, 1985 |
| 4. Recruit two faculty members in international marketing and Alaska resources economics | May 31, 1986 |
| 5. Recruit two faculty members in international business and marketing, and policy analysis | May 31, 1987 |

COMMENTS

(1) Each faculty member will be engaged in formal instruction, professional training and development, and organized research activities.

KEY RESULT AREA (1) Formal Academic Instruction

INDICATOR (1)-(3) Courses Offered and Productivity

OBJECTIVE (1)-(3)-(1)

In order to internationalize business education, formal instructional courses are regularly offered for undergraduate, graduate students, industry and business leaders, and public officials in the areas of international business, marketing accounting, cultures, languages, and other related areas beginning Sept. 1984

ACTIVITIES

1. Develop curriculum in cooperation with faculties in related disciplines
2. Schedule courses for the next 3 years
3. Develop student recruitment program plan

TARGET DATE

March, 1985

March, 1985

March, 1985

COMMENTS

- (1) Besides the formal courses, a number of short-courses, seminars and workshops on specific topics will be packaged and delivered through the center each year (see professional training and development).

KEY RESULT AREA (2) Professional Development and Training

INDICATOR (2)-(1) Program Plan

OBJECTIVE (2)-(1)-(1)

To successfully and effectively deliver 8 to 10 professional development and training programs annually to targeted groups for the enhancement of skills and techniques, and information and knowledge about doing business between Alaska and nations in Pacific-Asia beginning September 1984.

ACTIVITIES

TARGET DATE

(1) Develop Five-Year Program Plan (September 1, 1984 through June 30, 1989) under the following block systems:

Sept., 1984

1. Principle block: Languages, governmental social, cultural, and economic structures of Alaska and Pacific-Asian nations; Business ethics, customs, culture in comparison; and government and business relationships.
2. Technical block: International business law (U.S. Alaska, Pacific-Asian Nations, etc.); negotiation skills and techniques; and labor-management relations.
3. Natural resources demand block: Timber; fish; minerals; coal; oil; gas; agricultural products; and tourism demands in the Pacific-rim nations.
4. International marketing block: Product demand supply and consumption in Pacific-Asia and Alaska; transportation; international finance; export and import potential in the Pacific-Asia; and cross-cultural management and business environment.

COMMENTS

Nationally and internationally noted experts will be often invited to conduct seminars and workshops, and instruct short-courses.

KEY RESULT AREA (2) Professional Training and Development

INDICATOR (2)-(2) Programs delivered for people of Alaska

OBJECTIVE (2)-(2)-(1)

To effectively train people in business, industry, and government in the specific skills and techniques necessary for doing business with nations in Pacific-Asia beginning in September, 1984.

ACTIVITIES

TARGET DATE

1. Short Courses Focusing on Pacific-Asia Nations

Period of
Sept., 1984 -
Dec., 1985

- (1) History and culture of Pacific-Rim people
- (2) Governmental, economic and social structures of Pacific-Asia nations
- (3) Government and Business Relations; planning and attitudes toward business and government
- (4) Labor Management Relations
- (5) International Relations
- (6) Languages (Japanese, Chinese, and Korean for businessmen).

2. Workshops:

- (1) Legal framework of international business: U.S., Alaska and Pacific Nations
- (2) Negotiation styles and techniques
- (3) Comparative business practices and cultures: Business environments, decision-making patterns, cross-cultural management, and business customs and ethics.

COMMENTS

Fees will be charged to participants in each short course, seminar or workshop, therefore, it is anticipated that professional training and development activities will be self-supported.

KEY RESULT AREA (2) Professional Training and Development

INDICATOR (2)-(2) Programs delivered for the people of Alaska (continued)

OBJECTIVE (2)-(2)-(1) continued

ACTIVITIES - Continued-

TARGET DATE

3. Seminars:

- (1) Export and import potential of Pacific-Rim nations
- (2) International finance
- (3) International marketing: products, demands, supply, consumption and consumer behavior in the Region.
- (4) Transportation in international trade
- (5) Natural resources demands for the Pacific Region: present and future

COMMENTS

KEY RESULT AREA (2) Professional Training and Development

INDICATOR (2)-(3) Programs delivered for business industry leaders of the Pacific-Asia nations

OBJECTIVE (2)-(3)-(1)

To deliver four programs annually to leaders of business and industry for Pacific-Asia nations, with the specific focus of "how to do business in Alaska" beginning in November, 1984.

ACTIVITIES

TARGET DATE

1. Short courses:

Nov., 1984 -
May, 1985

- (1) History and culture of Alaska
- (2) Governmental, economic, social and cultural structures of Alaska.
- (3) Government and Business Relations in Alaska
- (4) Labor-management relations in Alaska
- (5) Learning English for businessmen

2. Workshops

- (1) Business Law in U.S. and Alaska
- (2) Comparative Business practices and cultures: Business environments decision-making, cross-cultural management, and business customs and ethics
- (3) Negotiation styles and techniques

3. Seminars:

- (1) Export and import potential in Alaska
- (2) Financial situation in Alaska
- (3) Marketing in Pacific Region and Alaska
- (4) Transportation: delivery systems
- (5) Natural resources and development policies in Alaska

COMMENTS

Forty to fifty leaders from industry, government and higher educational institutions of each Pacific-Asia nation will be invited to participate in the Center's short-courses, seminars and workshops, with expenses to be paid by participants.

KEY RESULT AREA (3) Research and Development

INDICATOR (3)-(1) Research Associate and Support Positions Approved.

OBJECTIVE (3)-(1)-(1)

(1) Get approval for 6 research associate positions and a secretary from the Board of Regents, Governor and Legislature beginning FY '85 through FY '87.

ACTIVITIES

TARGET DATE

FY '85

1. Get approval for a full-time research associate position.

July 1, 1984

FY '86

1. Get approval for three full-time research associate positions.

July 1, 1985

2. Get approval for a secretary position.

July 1, 1985

FY '87

1. Get approval for two full-time research associate positions.

July 1, 1986

COMMENTS

- (1) Four of 6 research associates will be either bilingual or multi-lingual.
- (2) Two full-time research associate positions will be directly funded by the center's extramural funds beginning July 1, 1989.

KEY RESULT AREA (3) Research and Development

INDICATOR (3)-(2) Quality of Research Associates

OBJECTIVE (3)-(2)-(1)

(1) Successfully recruit 6 competent research associates, four of whom will be either bilingual or multi-lingual to make significant contributions to international research activities; beginning Aug. 30, 1984.

ACTIVITIES

TARGET DATE

1. Recruit one full-time research associate in international marketing.

Nov. 30, 1984

2. Recruit three full-time research associates in international business, policy analysis, and resource economics.

Nov. 30, 1985

3. Recruit two full-time research associates in international business and marketing.

Nov. 30, 1986

COMMENTS

Research associates will also participate in seminars, workshops, and short-courses.

KEY RESULT AREA (3) Research and Development

INDICATOR (3)-(3) Amounts of Research Contracts

OBJECTIVE (3)-(3)-(1)

(1) Obtain approximately \$200,000 in research grants per year beginning Jan. 1, 1987 and increase the research grants to \$400,000 per year beginning July 1, 1989.

ACTIVITIES

TARGET DATE

- | | |
|--|---------------|
| 1. Complete a data inventory for research grant sources. | Dec. 1, 1984 |
| 2. Select most appropriate and compatible research grant sources. | Dec. 31, 1984 |
| 3. Write and submit five to 10 proposals between Sept. 1984 and June 30, 1986. | June 1986 |
| 4. Receive \$200,000 in research grants by Jan. 1, 1987, and continue to receive the same amounts through July 1, 1989. | Jan. 1, 1987 |
| 5. Receive \$400,000 in grants and contracts by July 1, 1989 and continue to receive the same amounts in subsequent years. | July 1, 1989 |

COMMENTS

The research and development activities should be conducted through organized research by bringing the center faculty, research associates, faculty from other disciplines, visiting and exchange professors, and other noted experts together.

KEY RESULT AREA (3) Research and Development

INDICATOR (3)-(4) Quality of Research

OBJECTIVE (3)-(4)-(1)

(1) Effectively acquire, analyze and disseminate information, specifically related to Alaska resources, international business, and marketing through the publication of reports, information materials, and direct inquiry beginning July 1, 1985.

ACTIVITIES

TARGET DATE

- | | |
|---|--------------|
| 1. Receive sufficient funds for start-up costs for research formulation, setting up of data center for Pacific-rim markets and library collection. | July 1, 1984 |
| 2. Publish reports (various forms) on political, legal, institutional, cultural, financial and economic opportunities and constraints in international trade between Alaska and the Pacific-Asia region and other regions of the world; consumer behavior, quarterly analysis of Pacific-rim markets and international business beginning July 1, 1985. | July 1, 1985 |
| 3. Have operational a computerized comprehensive information and data center on Alaska, Pacific-Asian nations, and other related countries which can be readily accessible to interested individuals, leaders of governments and business firms and organizations engaged in international trade. | July 1, 1986 |
| 4. Publish a quarterly journal on Alaska Resources and international business. | Dec. 1, 1987 |

COMMENTS

There will be fees charged for reports and journals.

KEY RESULT AREA (4) Public Service

INDICATOR (4)-(1) Information System

OBJECTIVE (4)-(1)-(1)

Establish a comprehensive information system.

ACTIVITIES

1. Identify major information requirements and information sources and availability
2. Design computer based data bank and initiate collection of data relating to Pacific-Asian nation markets and economic conditions, and Alaska resources and markets.
3. Identify and begin acquisition of non-computerized information sources to serve as the basis of the special library collection.

TARGET DATE

Jan., 1985

May, 1985

May, 1985

COMMENTS

KEY RESULT AREA (4) Public Service

INDICATOR (4)-(2) Information System

OBJECTIVE (4)-(2)-(1)

(1) Establish systematic processes for dissemination of center information and research analyses.

ACTIVITIES

1. Identify key recipients of center information and develop distribution system.
2. Publish results of center research and information activities through appropriate media as beginning July, 1985
3. Publish a quarterly journal on Alaska resources and international business beginning December 1987.

TARGET DATE

Dec., 1984

July, 1985

Dec., 1987

COMMENTS

Publication and distribution costs to be supported by fees and extramural funding. User fees to be charged for access to computer data base services.

KEY RESULT AREA (5) Visiting Diplomats, Executives and Scholars in Residence

INDICATOR (5)-(1) Instruction, Research, and Public Services Provided

OBJECTIVE (5)-(1)-(1)

(1) Utilize the talents and skills of visiting diplomats, executive and scholars in residence in conducting research, instruction and public service.

ACTIVITIES

TARGET DATE

- | | |
|---|------------|
| 1. Invite "Diplomat in Residence" participation from Korea, Japan, and U.S. | Nov., 1984 |
| 2. Develop Mechanisms and seek candidates for visiting scholars in residence | Nov., 1984 |
| 3. Develop system to ensure continuing flow of visiting diplomats and scholars in residence | Nov., 1984 |
| 4. Have first diplomat in residence at center | Sept. 1985 |
| 5. Have first visiting scholar in residence at center | Sept. 1986 |

COMMENTS

- (1) Expenses of visiting diplomats to be met by country of residence.
- (2) Visiting scholars to be sought on exchange or sabbatical leave basis. Center cost limited to space and support services.

KEY RESULT AREA (6) Fund Raising

INDICATOR (6)-(1) Permanent Endowment Fund

OBJECTIVE (6)-(1)-(1)

(1) Receive \$3 million in endowment funds from the governments of Pacific-Asia and the State of Alaska, industry and other business organizations by July 1, 1988

ACTIVITIES	TARGET DATE
1. Complete a list of leaders of governments and business and industrial organizations.	Oct. 31, 1984
2. Complete preliminary preparations for seeking endowment.	Oct. 31, 1984
3. Complete travel arrangements for meeting leaders of governments and industry.	Dec. 1, 1984
4. Secure sufficient funds for travelling.	April 30, 1985
5. Receive \$500,000 from the Korean Government.	July, 1986
6. Receive \$500,000 from the Japanese Government.	July, 1986
7. Receive \$250,000 from the Taiwanese Government	July, 1987
8. Receive \$250,000 from the Singapore Government.	July, 1987
9. Receive \$500,000 from the State of Alaska.	July, 1987
10. Receive \$250,000 from industry and business organizations in Alaska.	July, 1988
11. Receive \$250,000 from Japanese business corps and organizations.	July, 1988
12. Receive \$250,000 from Korean business corps. and organizations.	July, 1988
13. Receive \$250,000 from the Peoples' Republic of China by 1988.	July, 1988

COMMENTS

(1) Each fund may be endowed at one time or yearly by the target date.

KEY RESULT AREA (6) Fund-Raising

INDICATOR (6)-(2) Amount of funds generated by contributions and other grants

OBJECTIVE (6)-(2)-(1)

(1) Receive \$30,000 contributions and non-contract grants per year beginning Jan. 1, 1986.

ACTIVITIES

TARGET DATE

1. Complete the list of individuals, associations and firms which may contribute the fund for the center.

Oct. 1, 1984

2. Begin to seek contributions and grants from individuals, associations and firms.

Nov. 1, 1984

COMMENTS

Funds to be used for direct operating expenses and program support.

Alaska State Legislature

REP. MAE TISCHER
CHAIRMAN



POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3777

House of Representatives
HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

March 21, 1984

LETTER OF INTENT FOR HOUSE BILL 515

In adopting House Bill 515, "An Act making a special appropriation to the University of Alaska Anchorage, Alaska Center for International Business; and providing for an effective date," the Legislature intends that the funds provided by HB 515 shall be used by the Alaska Center for International Business to provide appropriate program planning as well as actual classroom instruction by qualified instructors on subject areas related to international business, beginning the Fall semester of 1984; and that the coursework thus completed by qualifying students in the aforementioned program shall be eligible for academic credit at the University of Alaska.

Mae Tischler
Representative Tischler

Sam Pestinger
Representative Pestinger

Rich Uehling
Representative Uehling

Terry Martin
Representative Martin

Representative Koponen

Representative Goll

Mike Davis NO. REC.
Representative Davis

H

B

520

TRW Inc.

Executive Offices
 One Space Park
 Redondo Beach, CA 90278
 213.535.2175

mt

February 3, 1984

502
622

The Honorable Mae Tischer
 Member, Alaska State Legislature
 Pouch V (MS 3100)
 Juneau, Alaska 99811



Dear Representative Tischer:

We are writing to urge your support of House Bill 520, as introduced by House Speaker Joe L. Hayes.

This legislation would enact a computer crime statute in the state of Alaska and create an offense for the criminal use of a computer. We support this legislation because it would protect consumers from unauthorized access to and manipulation of sensitive computer-based information contained in the data base of a consumer credit reporting agency.

TRW's Information Services Division operates one of the country's largest consumer credit reporting agencies. We maintain credit information on more than 90 million consumers. And we service these consumers through 21 offices and 80 independent credit bureaus, including Credit Bureau of Alaska, Inc.

Unfortunately, our data base has been illegally accessed, and we have been frustrated with the inadequacy of current federal and state laws to properly prosecute these occurrences. We have, therefore, successfully sponsored related legislation in California and New York, and we hope to see similar statutes enacted in other states, including Alaska.

I have attached additional information on this issue and a brief description of our consumer credit reporting services.

Once again, we respectfully encourage your support of House Bill 520. Thank you.

Sincerely,

Maureen S. Frisch
 Maureen S. Frisch, Regional Manager
 TRW Inc. Government Relations

Attachment: as stated.

THE NEED FOR COMPUTER CRIME LEGISLATION

INTRODUCTION

Several issues related to the information services industry have led to the need for computer crime legislation.

The computer industry has created a consumer market that has put machines in the hands of hobbyists, and controls in the data processing industry have been reduced thru time-sharing options and other productional facets. While we see individuals invading systems in the news and entertainment mediums, the point is being raised that it will not be long before true criminals are involved in other areas. Unfortunately, this has become a reality. Little publicity is given to these cases of computer crime because they are not always turned over to law enforcement agencies. This is because computer crime statutes, for the most part, are either not in place or insufficient to result in prosecution. With little chance of achieving successful prosecution, or even getting to court, it is not surprising that many companies do not report computer crime.

Because of growing problems and concerns about unauthorized access to and manipulation of computer-based information, it is necessary to enact legislation. After unsuccessful attempts at the national level, it has become necessary to have progressive state legislatures implement legislation on a state-by-state basis.

UNAUTHORIZED ACCESS TO CREDIT INFORMATION

The credit industry has evidenced criminal behavior thru unauthorized access in three basic scenarios:

1. Consumer victimization via stolen access codes.
2. File manipulation.
3. Investigation and collection agency activity using stolen access codes.

Each of these scenarios is elaborated on separately to illustrate the impact of this activity and the need for up-to-date legislation.

Consumer Victimization

Attachment A, "For Sale: Credit Ratings," describes a process of victimization. The act of a consumer obtaining a good credit rating was facilitated by stealing subscriber access codes. The individuals that were selling these packages telephoned legitimate credit grantors subscribing to the credit agency. These individuals represented themselves as calling from the credit agency, usually using the pretext of clearing up a billing problem, or being from the security department. During the conversation the access code is requested and usually provided. This access code enables access to the credit data base to facilitate the process. The buyer of the good credit history uses the good accounts and requests other credit cards. The buyer runs up bills with no intent of paying. The good consumer is left with the issue of clearing up his or her credit history once it has been discovered that someone has used the individual's history.

File Manipulation

Attachment B illustrates the issue of file manipulation. File manipulation is achieved by bribing someone to modify the information contained in files within the bureau or subscriber's premises and the submission of false credit information.

Unfortunately, not all bureaus have controls to prevent this access and many incidents of information modification occur. Once the bad credit history is deleted or modified, the individual applies for new credit accounts. (Controls exist within the TRW system to prevent and/or isolate attempts of this type.)

Even if consumer victimization and file manipulation efforts are successful, most law enforcement agencies will not pursue the case until there has been a loss to a credit grantor.

Investigation and Collection Agency Activity (Attachment C)

Private investigators, lawyers, and repossession agents may, in isolated cases, have a legitimate purpose to access a credit data base; however, most of the major credit agencies do not allow these individuals to subscribe due to the control features required to monitor permissible access. Unfortunately, there have been many cases where individuals wanting this information have either stolen access codes or derived the access code from credit profiles sent to them by other subscribers with the access code on them.

Some collection agencies have acquired access codes in a similar manner. Although collection agencies have legitimate reasons to access a credit bureau, and they are subscribers, some do not use their own access code. The stolen access code is often utilized to reduce costs and increase commissions and agency profits.

A GROWING PROBLEM

According to recent statistics (Modern Office Procedures - March 1983, "Defending Your Computer Room Against Disaster") the average bank robbery is less than \$3,000. The average "white collar" embezzlement nets less than \$30,000. But the average computer crime is estimated to exceed \$600,000, with little chance of detection, prosecution or conviction.

Education has become a key element in the fight against this area of criminal activity, and the United States Department of Justice has opened a specialized four week computer fraud school for F.B.I. agents. The Department of Justice, Sacramento, California, operates a two week course specializing in the same subject. Other municipalities as well as private organizations are currently holding seminars to combat problem areas of detection.

The challenge is to actively prosecute computer crime suspects. A challenge in the sense that the current laws regulating computer access are extremely lacking. Following, are three examples of TRW incidents that illustrate the need for computer crime legislation:

Example #1

An organized ring of credit criminals was established in a large metropolitan area. Although this example was taken from the Western Region, there is an indication that an identical ring is operating in the Eastern Region. One member of the ring provided computer password information to another who used it to gain access to our system. The suspect then retrieved hundreds of credit reports. Through a relocation and file merge system, the suspect was able to alter negative credit information into what appeared to be a positive profile.

The fee charged for this service varied, however, it averaged about \$600 per report. This particular case is being actively prosecuted at the writing of this report. The section selected for prosecution was 502 P.C. (California).

Example #2

A collection agency/private investigative firm gained access to computer password information on several Information Services Division subscribers. As such, unauthorized access was made into our system and a total of \$65,000 worth of credits were applied for from various east coast subscribers. While working the investigation of this matter, several New York agencies were contacted and each declined investigative jurisdiction. Most felt that it was a civil or federal problem, in that no computer crime bill existed.

Subsequently, the F.B.I. was contacted and consented to continue the investigation. A suspect was identified and prosecution is being actively pursued.

Example #3

A coast-to-coast organized crime ring obtained several thousand blank credit cards. Later, they obtained illegal access into credit systems and retrieved thousands of credit profiles of potential victims. By viewing the reports, account number information was obtained and later embossed on the stolen cards. The total amount stolen from creditors is unknown at this time, but it is believed to exceed \$1,000,000. Investigation is continuing.

Crimes by these individuals were made possible through the illegal access to computer files. In each case the criminal simply called a TRW operator and relinquished certain password information which then caused the computer to be accessed.

It is acutely apparent that much has been done in the area of detection, but legislation is now needed for active prosecution.

CALIFORNIA'S COMPUTER CRIME LEGISLATION

SB 648 (California Penal Code 502) was introduced in the California Legislature in March of 1981. This bill modified the penal code to make it a crime to intentionally access or cause to be accessed any computer system or network for the purpose of damaging the credit rating of any person. The bill was sponsored by an individual in the San Diego District Attorney's office, Fraud Division, in response to a situation in San Diego in which an individual's credit file was sold for the purposes of obtaining credit under fraudulent circumstances. (Similar legislation has been enacted in New York.)

Legislative justification for the bill goes on to say:

"The credit granting sector of private industry is being deluged with false and fraudulent applications for credit. It is not uncommon for individuals and organized groups to systematically apply for multiple credit cards, loans, etc. utilizing fictitious and false names, biographical information, and credit histories. These fraudulent applications are carefully created to fit within the credit grantors' criteria for issuance of credit - such policies which are well known to the applicants. Sophisticated wrinkles are added such as the use of telephone answering services, which have been provided a prepared script to read in case of inquiry by the credit granting agencies. The answering service tells the inquiring party 'that the applicant has been employed at a high salary for five years; that the applicant has successfully paid off a loan on a expensive automobile, etc.'

Under existing law, the credit grantor must suffer a loss before this activity can be filed as a felony. This ridiculous posture does nothing to prevent repeated attempts to obtain credit by fraudulent means. It is likewise discouraging to the credit grantors, who having discovered these activities, bring them to the attention of law enforcement and discover that this conduct is at most a misdemeanor. (Section 532a, California Penal Code)"

ONE STEP TOWARD A SOLUTION

Because of the tremendous growth in computer-based information services and an alarming increase in the unauthorized access to and abuse of various data bases throughout the country, it has become necessary for states to update existing penal codes to include computer fraud. California and New York have passed legislation in this area. And it is hoped that similar legislation can be enacted in other states to facilitate criminal prosecution and standardize penalties.

11/1983



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auditors commended Sandia's corrective actions and stated that it appeared that the problems had been solved. However, it would not pay those responsible for the laboratory to become complacent. Without continual policing, the problem will return. The auditors recommended periodic random sampling of computer files to check on unauthorized use of the system. #

FOR SALE: CREDIT RATINGS

While evidence is still not clear, it seems possible that a data theft gang has been operating in southern California. It appears that the ring has allowed those with poor credit ratings to use someone else's good rating as the basis for opening charge accounts and obtaining loans.

The crime apparently involved unauthorized access to a credit bureau data base to obtain financial information about individuals with a clean credit history. Good credit ratings are sold to people who have problems obtaining credit. The bad credit risk purchases information that will allow him to assume for credit purposes the identity of someone who has the same name but a better financial record. Information supplied includes such things as social security number, bank account number, and driver's license number.

This suspected crime came to light when an individual with a good credit rating became aware that his identity was being used by another. He contacted a number of different law enforcement agencies and informed them about the alleged crime. To date, investigative efforts have been hampered by the fact that, although everyone acknowledges that a crime has indeed taken place, no one has been able to figure out who has jurisdiction. Meanwhile, a number of questions remain unanswered:

- How was the data obtained from the supposedly secure files of the credit bureau?
- Who obtained the data?
- Is it an inside job?

These questions will remain unanswered until jurisdiction problems can be ironed out and further information developed. #

STUDENT CRACKS SCHOOL DISTRICT'S COMPUTER SYSTEM

A high school senior in Tucson, Arizona was successful in breaking into the school district's computer system. However, he is beginning to have regrets about his actions. Since his successful intrusion, security measures have been tightened, and his access to the computer has been reduced.

The student, Joel Snyder, first realized that he could break the system's security code when he was accessing the computer through a remote job entry terminal at his high school. He was quoted as saying that anyone with a knowledge of assembly language could easily circumvent the system's security features. The passwords protecting student grades and other information were unimaginative.

His attempt to gain access to another user's password was successful. As a result, Snyder felt he should inform the authorities about the security risks involved. However, officials tended to doubt that Joel Snyder had actually cracked the system. They were willing to acknowledge that he had obtained access to passwords, but they were never sure how he had done it.

In his attempt to publicize the security weakness, Joel appeared at a school board meeting and brought the matter to the attention of the board. This action had some results. System security was soon tightened. Students are now allowed to access the system only from RJE stations (not by dialing up from a modem), only during certain hours, and only while a teacher is present.

While he has proven that he has more than a passing knowledge of computers and their security features, Snyder does not plan a career in data processing. His first college choice is Stanford University, where he plans to major in liberal arts.

Although Joel Snyder's reasons for breaking security were not malicious, his action shows the ease with which intelligent students can circumvent security features in today's systems. Obviously, there are basic weaknesses in most security provisions. #

SEP 3 1976 *ELB*

U.S. Charges Six Fixed Reports On Credit-Risk Buyers For Fee, Fed False Data Into Computers

Authorities Believe Plot May Have Led To Millions Of Dollars In Unpaid Bills

LOS ANGELES (AP) —With the aid of a file clerk, six men sought out persons with poor credit records and for fees of up to \$1,500 improved their credit reports in the computer banks of the country's largest consumer credit bureau, a federal indictment charges.

The credit records were kept in the computers of TRW Credit Data in Anaheim, Calif. The company maintains credit files on about 50 million Americans living in 20 cities.

The files are used by banks, credit card companies, and other businesses seeking

information concerning the credit worthiness of customers.

Authorities said the alleged scheme may have produced millions of dollars in unpaid bills and caused untold legal problems for firms that rely on credit information.

The six men are charged with conspiracy in the indictment returned Thursday by a grand jury. All six also are charged with at least one count of making false loan-application statements.

A TRW Credit Data file clerk, Kathleen Bennett, was named as an unindicted co-conspirator. Federal authorities said she is to be a government witness.

According to the indictment, Miss Bennett was paid \$50 each time she improved the computerized credit records of people solicited by the ring.

Some Information Deleted

This allegedly was done by deleting bad payment records, information about bankruptcies, and other unfavorable material. In some cases, material indicating a good credit history was inserted, authorities said.

The indictment listed 26 persons who paid between \$300 and \$1,500 to have their credit records altered, but authorities said as many as 150 persons may have paid for such falsifications between August, 1974, and March, 1975.

With their improved credit records, these people obtained banks loans, credit cards, and credit at retail stores, authorities said, and many of them subsequently defaulted on payments.

FBI agents uncovered the plot and broke up the ring 18 months ago, authorities said. It took the FBI, a Justice Department Organized Crime Strike Force, and the U.S. Attorney's office nearly 1½ years to obtain the evidence needed to present the case to a grand jury.

Seven Counts In Indictment

Charged in the seven-count indictment were Philip Kostoff, 31, the alleged ring-leader; his brother, Paul Kostoff, 35; Ronald C. Rossi, 41; John H. Dubbs, 41; Kenneth L. Stevenson, 39, and Sean Shanahan, 35. All live in Orange County, where Anaheim is located.

The indictment alleged that Philip Kostoff hired the other defendants to locate persons who wanted their credit ratings improved and also recruited Miss Bennett.

Authorities said TRW Data Credit, a division of Cleveland-based TRW, Inc., cooperated in the investigation and is lightening its security.

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APR 6 1982

Authorities seize stolen computer reports

ORANGE — Detectives, armed with search warrants, last week seized several thousand credit reports that were allegedly stolen from TRW computers in Orange.

The records were seized by police during raids at three Los Angeles area companies — H.E.L.P. Locksmiths of Van Nuys, Searchers Investigations and Searchers Security Co., Los Angeles.

Police said entry into TRW's

computer bank was made via telephone and teleprinters, using that company's codes.

No charges were filed against the officers of the three companies.

The search warrants served Thursday and Friday culminated a three-month investigation into what police said is "the best of our knowledge, the first known reported crime of this particular type in California and the country."

Gil Hamblet, TRW's vice president of industry and public affairs, said the company first noticed the illegal access to their computer records six months ago.

He said the material related to the pay habits of Southern California residents and does not include any other personal information, except their names, addresses and previous addresses.

The Van Nuys firm is an automobile repossession company

and the two Los Angeles companies are private investigators who work for attorneys and corporations.

"Such records are used to obtain credit information on individuals," Detective John Carson said. "The records are also used in skip tracing."

Carson said the material is now being inventoried, and it will probably be a week before the police and the district attorney will be ready to file charges.

Los Angeles Times
LARGEST CIRCULATION IN THE WEST
LOS ANGELES CALIF.
D. 1,000,945 & 1,234,115

APR 7 1982

E.L.L.

3 Firms Probed in Theft of TRW Computer Data

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Two Los Angeles private detective agencies and a Van Nuys vehicle repossession firm have been accused of massive electronic theft of credit information from a computer at TRW, Orange County authorities said Tuesday.

Police said the three firms gained access to the nationwide credit reporting agency's computer by obtaining codes issued to TRW subscribers. No dollar value has been set on the alleged theft.

Investigators said Tuesday that H.E.L.P. Locksmiths, the repossession company, had been using the code for six months. Searchers and Securities and Searchers Investigators, the detective agencies, had been using them since 1972, police said.

Orange police Detective Roger Braham said no charges have been filed, but investigators are examining thousands of records—mostly computer printouts—seized from the three firms in raids last week.

Gil Hamblet, vice president of public affairs for TRW's Information Services Division in Orange, said the firm's own security surveillance system first spotted the illegal information request entries in January.

Officials of the three companies that allegedly obtained the information illegally could not be reached for comment Tuesday.

Computer-Fraud Coverage Grows As Insurers Solve Policy Problems

By **JUANNE LIPMAN**

Staff Reporter of THE WALL STREET JOURNAL

An oil company paid millions of dollars to gather highly confidential geophysical information and then fed the data into a computer. Now it wants insurance against electronic theft of the data by competitors or damage to its storage system by teen-age computer hackers. Is such coverage available?

The answer is yes, some insurers say. But the kinds of coverage available vary widely, and most insurance companies are still at work developing their policies. A few insurers cover theft of trade secrets and such items as customer lists. Others cover only the cost of reproducing erased or damaged information. All agree there are problems to overcome: Losses are hard to calculate and potentially staggering, for example, and premiums can be very high. But everyone also agrees that once the problems are solved, business will be hot.

Computer-fraud coverage "is the most sought-after insurance in the crime area these days," says Christopher Barr, vice president of National Union Fire Insurance Co. "The computer is the fad of the 1980s—and computer insurance is the fad topic of the insurance world."

So far, only about \$20 million of electronic-crime policies have been sold and most of them cover transfers of money and securities, according to Dean P. Felton, a vice president of Marsh & McLennan Cos. But he figures that amount will increase geometrically, reaching \$100 million in the next three years.

Demand is already rising. Shand, Morahan & Co., a subsidiary of Alexander & Alexander Securities Inc., says inquiries about its policy have doubled in the past six months, to 75 a week. Applications for the coverage have risen 20% to 30%, says Grant R. Hubbard, a Shand Morahan vice president. St. Paul Fire & Marine Co., Fireman's Fund Insurance Cos., Chubb & Sons Inc. and others report a similar increase in interest.

A New Twist in Coverage

Insuring computer data against theft and damage is a new twist in electronic-crime coverage. One of the first computer-crime policies, introduced by Lloyd's of London in 1981 and quickly copied by several American insurers, applied only to financial institutions and covered only money and securities transferred by electronic means.

That kind of policy was inspired by the exploits of Stanley Mark Rifkin, who was charged with swindling Security Pacific Bank of Los Angeles out of \$10.2 million in 1978. According to prosecutors, he posed as an international bank officer, got the computer codes required to transfer money to a Swiss bank, and then bought 19 pounds of Russian diamonds with the proceeds. Back then, the case was hailed as the ultimate electronic scam.

But a new type of computer crime is

drawing attention now, and its immediate target is information rather than money. Insurers can reel off tales of computer treachery. There's a company, for example, whose client file was pilfered electronically by a competitor. In another case, a prankster gained access to computerized motor-vehicle records, wiping out penalties given poor drivers. Recently, the Federal Bureau of Investigation has arrested teen-agers who allegedly broke into computers belonging to the Defense Department, a New York City hospital and an electronic-mail service.

Crimes like these make companies very nervous. Chubb, for instance, says it has sold computer-fraud policies to an aerospace

Insuring computer data against theft and damage is "a new area, and there are no hard and fast decisions on who is liable for what," says a State Farm executive.

company worried about piracy of its designs and a book publisher concerned that an outsider could steal unpublished books. Shand Morahan says travel agencies, county governments, department stores and stockbrokers have shown interest in its policy.

Computer-data coverage varies from insurer to insurer. St. Paul Fire & Marine covers the cost of reproducing erased or damaged information, including footwork or research. That means that if a client list is erased, the insurer will pay for the extra time and work required to recreate it. But "snooping" isn't covered. As a result, if a competitor steals the client list electronically without damaging the data, no payment is made.

Chubb's policy does cover snooping. If information is stolen and used by someone, the policy covers the full amount spent to develop the data. Thus, if a new automobile design is stolen from a manufacturer's computer and the new car becomes uncompetitive as a result, Chubb will cover such costs as research and promotion. If the car is still marketable but sales are hurt because the design is no longer exclusive, a smaller payment will be negotiated.

Shand Morahan may offer the most ambitious policy. It promises to cover all computer-fraud-related costs, up to \$30 million for a single incident. It will even cover the cost of inventory stolen by electronic means. Such cases have occurred in the past. In the early 1970s, Jerome Schneider was convicted of procuring more than \$200,000 of telephone equipment from Pacific Telephone & Telegraph Co. in Los Angeles.

But many insurers are still trying to de-

velop formulas for insuring computerized data. "It's a new area, and there are no hard and fast decisions on who is liable for what," says Wesley Kims, assistant vice president of State Farm Mutual Insurance Co., which doesn't offer any computer-fraud coverage.

One problem is that insurers like to stick with quantifiable losses. That makes them reluctant to cover less-concrete costs, like loss of confidentiality and confidence among customers.

There are other problems. While no claims have been made yet, they may be devastating when they come. "We don't expect them to be numerous," says Ralph W. Wheeler Jr., an executive at Aetna Casualty & Surety Co., "but we expect a catastrophe when it happens." Mr. Hubbard of Shand Morahan believes losses among his company's customers will "always be in excess of seven figures."

With the potential for losses like these, premiums can be enormous. They tend to run between \$25,000 and \$100,000 a year, depending on the size of the business and how secure its computer system is. But coverage can cost a large bank as much as \$4 million over three years, according to Mr. Wheeler of Aetna. If the company has a backup computer or other alternate system, insurance costs are usually lower.

Giving Hackers Ideas

Most companies are reluctant to talk about their computer-crime coverage for fear of giving hackers and competitors ideas. "Nobody's going to admit carrying this coverage," says Mr. Hubbard, of Shand Morahan. "It's the same thing as kidnapping coverage."

But law firms, which computerize data about cases, and airlines, which computerize everything from accounts receivable to reservations, are among the kinds of companies looking into coverage. "Anyone who uses information-systems technology is going to have to look at this type of insurance," says Don Karmazin, vice president of computer and communications services at United Airlines.

United is self-insured, but it plans to study coverage carefully as it becomes more readily available. "It has been talked about in the industry," Mr. Karmazin says, "especially with all the notoriety that these teen-age computer whiz kids have been getting."

McGraw-Hill Inc. has computer-crime coverage, but it says all its risks still aren't covered. Its policy covers the cost of recreating damaged information, but if an electronic trespasser reads—but doesn't damage—an unpublished stock appraisal from McGraw-Hill's Standard & Poor's Index or an unreleased article from its BusinessWeek magazine, no payment is made.

"We hit the stumbling block," says John J. Bott, corporate risk manager. "It's a gray area. We're going round and round on this at least once a month."

Criminal Use Of Computers Seen Growing

By ROBERT E. TAYLOR

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — Richard Shanklin has found another use for the versatile home computer: credit-card fraud.

From his parents' home in Fairfax, Va., the 30-year-old Mr. Shanklin used his computer to get into the files of Credit Bureau Inc. in Atlanta. Authorities say he used information about other people's credit-card accounts to order about \$50,000 worth of computer and electronic gear from mail-order businesses.

A grand jury indicted Mr. Shanklin on 15 charges. After plea bargaining, the prosecutors dropped all but one charge of credit-card fraud. Mr. Shanklin pleaded guilty, and he faces a jail term.

The ease with which he gained access to the files is alarming to Assistant U.S. Attorney Loren Hershey, who prosecuted the case. He calls the home computer "the burglary tool of the electronic age." Several computer experts consider that an exaggeration, saying they haven't heard of another case like Mr. Shanklin's. But while computer pranks gain far more attention, experts expect the use of home computers in fraud and similar criminal activity to grow.

"The rip-offs are likely to be more frequent and larger," says Arthur Gillis, a computer-security specialist who is president of Computer Based Solutions Inc. of Atlanta. "The numbers are against us," he says, because people are learning about computers faster than adequate security precautions are being developed.

Danger From Insiders

The most serious threats of misuse, most experts say, come not from outsiders, but from insiders. Most computer thefts are embezzlements. In one case, a consultant, Stanley Mark Rifkin, used computer codes to transfer \$10.2 million from the Security Pacific Bank of Los Angeles to his account in Switzerland. He served three years in jail.

Computer buffs have shown that they can use their wits, their terminals and their telephone lines to gain unauthorized access to private data banks. The most dramatic examples have been carried out by a group of youths in Milwaukee who call themselves the 414s, after the city's telephone area code.

They have penetrated dozens of computer systems, including a data base at the U.S. nuclear weapons research laboratory in Los Alamos, N.M., and the radiation-therapy records at Memorial Sloan-Kettering Cancer Center in New York.

While computer intrusions are generally ascribed to sport rather than greed, the case of Mr. Shanklin shows the possibilities of financial gain.

Computers' Weak Point

Mr. Shanklin apparently broke into the computer data bank by exploiting a weak point common to most systems: human carelessness. Federal authorities believe he posed as a Credit Bureau employee to obtain from a J.C. Penney clerk the codes used to enter the computer's credit files.

Dan P. Miller, a vice president at the Credit Bureau's Maryland subsidiary, says anyone who gets inside the computer's data base can read the company's files on about 90 million people from 24 states—including their credit account numbers, credit histories and unused balances.

Authorities say Mr. Shanklin, in ordering electronic gear by telephone, used credit accounts of people who had recently died. Investigators also say he obtained credit histories of Hollywood personalities, including actress Linda Blair. The grand jury charged that Mr. Shanklin obtained credit reports on at least 80 individuals.

When federal investigators went to Mr. Shanklin's home, they say they found seven antennas on the roof. The amount of computer and electronic gear packed into his bedroom was reminiscent, Mr. Hershey says, of the movie-set bedroom of the youth in "WarGames," a movie that raises the specter of a home-computer penetration of the U.S. missile defense system.

Deliveryman Grows Suspicious

According to the government, Mr. Shanklin picked up some of the goods he ordered at a freight depot, but he had other purchases shipped to his home. A United Parcel Service deliveryman grew suspicious, according to the prosecutor, after taking packages for several individuals to the home in a few days and seeing Mr. Shanklin sign for all of them.

Thomas Maloy, the Credit Bureau's director of public relations, says the company has "taken the appropriate steps" to prevent a similar unauthorized foray into its records, but, citing security concerns, he won't explain what they are.

Mr. Gillis, the computer-security expert, says security can be provided in several ways. Software can require a user to give a series of codes before getting access to data. It also can limit the amount of computerized information that is open to each authorized user. The central computer can be linked only to private telephone lines or programmed to give access to only specific computer terminals.

The most sophisticated safeguards identify authorized users by scanning their fingerprints, voiceprints or even the blood vessels in the retinas of their eyes, says Jim Schweitzer, Xerox Corp.'s manager of system security technology.

But such safeguards may be too expensive or cumbersome for some users. A private phone line to a computer is likely to

cost at least \$1,000 a month, Mr. Gillis says, so it isn't practical for most low-volume users.

In the absence of the more sophisticated security measures, Mr. Gillis says, "it doesn't take a genius" to break in to a data bank. All it takes, he says, is an understanding of how computers work. Computer users can beat the simpler safeguards by trying random variations of codes and passwords until they find the right ones.

But even the best security is vulnerable to human frailty. A common problem, says Mr. Schweitzer, is that authorized users don't safeguard their passwords and access codes. Theode C. Langevin, working in a New York brokerage house, used the password assigned to a former colleague at the Federal Reserve Bank to tap into the Fed's secret money-supply files. Mr. Langevin has pleaded guilty and faces a sentence of up to five years and a \$1,000 fine.

Many crimes that rely on computers, though, could have been committed with old-fashioned tactics. Mr. Schweitzer contends, for instance, that Mr. Shanklin could have found enough information in a credit-bureau or department-store trash bin to charge his purchases to someone else's credit card.

Crime on a chip

Beware the logic bombs, data diddlers and hackers

BY MURIEL DOBBIN
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LOS ANGELES — Logic bombs, data diddling, obscene messages and illegal access to defense secrets are just the tip of a computer crime iceberg that federal and California officials are working full time to control.

Already established in the annals of computer crime are the Phantom, who cost a San Francisco corporation \$250,000 by feeding obscene messages into its machines, a teen-ager who acquired computer access to secret Defense Department information, and Cap'n Crunch, one of the original "phone phreaks" from whom today's electronic pirates are descended.

"The magnitude of the problem of computer vulnerability is only now being realized. What we are seeing is the tip of a nasty iceberg," said Clifton Garrott, an assistant district attorney who heads the electronics crime division in Los Angeles.

The U.S. Justice Department has commissioned a team of electronics experts at Stanford Research International, a California foundation, to carry out a study of computer crime in 18 states.

Rep. Ronald Wyden, D-Ore., introduced this month a computer crime prevention bill, said to be the first of its kind, as an initial step to combating the problem.

The Wyden bill would set up a task force to assess the dimensions of computer crime nationally. It also would create a clearing house to provide guidelines and aid for small businesses that are especially sensitive to computer criminals.

Charles Wood, management systems consultant at Stanford Research International, pointed to the timeliness of the movie *WarGames*, in which a teen-ager accidentally keys into a Pentagon computer and puts the world on nuclear alert.

"It is conceivable," he said. "The question is whether it is reasonably possible."

Garrott, who in three years of heading California computer crime-fighters has seen such offenses rise sharply, recalled that it was a teen-age boy who was reported recently to have used a computer at the University of Southern California to gain access to a Defense Department system. The extent of the youth's success, said Garrott, had not been established because nobody at the Pentagon would talk about it.

"What we must remember," said Garrott, "is that a computer is no more than an electronic filing system, which will do what anyone tells it to do."

A so-called intelligent computer, which could draw on its own experience when dealing with different sets of facts, is still at least seven years away, according to Garrott.

Meanwhile, he said, not only corporations but people have to learn to cope with the growing threat of computer abuse.

"Our credit ratings, our taxes, our bank accounts, our telephone bills are all to be found on computers, and there is evidence

that increasing access is being gained to credit bureau machines where ratings are listed. New personalities can be built over existing ones, but it is the real person who gets the bill," he said.

He classified hackers, as computer criminals are called, as the successors of phone phreaks such as Cap'n Crunch, who used to use a device called the "blue box" to make long-distance calls without paying for them.

Hackers, he said, are "brilliant in a very limited way. They are not sociable. They flunk out of school and they can communicate only through the world of electronics," he said.

They are people like Lewis DePayne, whose computer name was "Roscoe" or "the Phantom." He led a criminal computer gang in Los Angeles that included two teen-age boys and a woman known as "Susan Thunder."

"Susan Thunder loved computers so much that she would prostitute herself to get money to buy computer equipment," said Garrott.

DePayne eventually spent five months in jail for computer fraud after he had planted obscenities in the computers of a California company.

An even darker side of computer abuse was uncovered at a hospital, where it was found that hackers had gained access to the computerized records of patients in intensive care and had doubled the dosage of their medications.

"If a nurse had not noticed the difference, we could have been dealing with a case of mass murder," Garrott said.

What worries the computer crime fighters is that such offenses often are discovered by accident.

"It's too often a fluke that it's found out at all," Garrott said.

He told of the bank employee who decided use a computer to triple the withholding for state and federal taxes of the bank staff and apply for the refund to be

paid to himself. He was unsuccessful only because an auditor wondered if the withholding was too high and investigated.

There was also the case of Sarah the bank teller who programmed the bank computer to pay her unearned overtime and was successful for months until it occurred to a bank official that an enormous amount of overtime was being paid to a low-level employee.

What was significant about the case of Sarah was that after she had made restitution of the money, she was not fired. She was given a better job at a higher salary on the condition that she told nobody how she had diddled the data.

"That attitude on the part of corporations is passing," said Garrott, who explained that it originally stemmed from reluctance on the part of many firms to admit their own management inefficiency. "It does point up the need for new and tougher computer safeguards," he emphasized.

But until computer precautions are improved, he said, there will continue to be cases where data is changed or "diddled," and corporations risk financial disaster as a result of the planting of "logic bombs" which result in a computer erasing all the information in its records on a given time and date.

"The trouble is that people think computer crime is funny when it can be both disastrous and tragic," Garrott said.

Yet even the official admitted computer crime can be funny. As in the classic case of the cookie monster in the computer. That took place in San Francisco, where interference by hackers led to repeated interruption of a firm's programming with the word "cookie" appearing on the screen.

It would wind up with "gimme cookie." And it turned out that the only way to appease the electronic monster was to "feed" it by typing in the word it wanted, which was "cookie."

TRW NEWS

INFORMATION SERVICES DIVISION OF TRW INC. • 505 CITY PARKWAY WEST • ORANGE, CALIFORNIA 92668

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Credit Data

A CAPSULE DESCRIPTION

TRW Information Services operates and markets one of the nation's largest, computerized consumer credit reporting services called Credit Data. TRW has credit information on more than 86 million consumers, and serves 24,000 subscribers at 35,000 locations.

TRW collects and stores factual credit information on consumers and provides that information to credit grantors that subscribe to the service including banks, retailers and finance companies. The TRW Updated Credit Profile contains credit account information provided by subscribers including positive and negative information about retail credit card accounts, bank charge card accounts, lines of credit, secured loans and finance company accounts. The Profile also includes selected public record information limited to tax liens, judgments and bankruptcies. TRW does not collect information on checking and savings accounts, race, religion, sex, salary, personal lifestyle or criminal records.

Open current credit accounts remain on the Profile indefinitely. Closed or paid accounts are removed within seven years. Adverse credit information remains on file for a maximum of seven years, with the exception of bankruptcies, which remain for a maximum of 10 years.

HISTORY

The development of consumer credit reporting agencies was a direct result of the rapid growth in the use of credit and need for consumer credit repayment information. As more and more businesses began extending credit to consumers, there was an increasing need for information on how those consumers repaid their credit obligations with other creditors. To meet this need, individual businesses began to collect their customer repayment information and exchange it within branches of their own company or within their industry. This credit information was kept in paper files in a central location. As the volume of credit information grew, the job became too large for individual businesses.

Credit bureaus soon developed, meeting businesses' need for a central repository of credit repayment information that provided credit grantors with a more complete picture of consumers' repayment habits. The Michigan Merchants Credit Assn. in Detroit was one such bureau, which was founded in 1932 by Norman Jordan, and taken over by his son, Harry ("Bud") Jordan, in 1956. The company was incorporated in Michigan in August of 1960 as the Credit Data Corp. and used file cabinets and 3" x 5" cards to store consumer credit information. In 1965 Credit Data initiated and installed the first computerized, on-line credit reporting system. It was acquired by TRW Inc. in November 1969 and became TRW Credit Data.

HOW CREDIT GRANTORS USE CREDIT REPORTS

TRW provides credit information to bona fide credit grantors who have a legitimate business need for the information. When consumers apply for

credit, they generally authorize a credit grantor to obtain information on their credit history. Credit grantors use TRW's service when considering applications for credit, or when reviewing their current accounts. Credit grantors apply their own evaluation criteria to the information TRW supplies in determining whether to grant or deny credit. In addition to the information on a Credit Profile, credit grantors also take into consideration information not supplied by TRW, such as the consumer's employment, income, other assets and outstanding debts. TRW does not make the decision to grant or deny credit.

HOW AUTOMATED CREDIT REPORTING WORKS

TRW provides credit information to credit grantors that assist them in the credit granting decision. In turn, they provide TRW with a record of their past and present credit account information. This is usually done on a monthly basis. Since the majority of TRW subscribers have their accounting function computerized, they typically provide the information via magnetic tape, copied directly from their billing records used to notify their customers. These tapes are sent to TRW's data center in Anaheim, Calif., where they are entered into the TRW computer system. This regular receipt of credit information provides TRW with an automatic updating of the credit account information in the files. Public record information is gathered directly from court records, converted to a computerized format and entered into the computer system in the same manner as credit information from credit grantors.

THE CREDIT PROFILE

The TRW Credit Profile contains up-to-date credit information on consumers' credit accounts, items of public record, inquiries, and a consumer's identifying information. [REDACTED]

[REDACTED]

--Identifying Information: the consumer identifying information is limited to the consumer's full name (including generation, such as "Junior" or "Senior"), address, social security number, age or year of birth, and spouse's initial. The consumer's place of employment, as indicated by the consumer on a credit application, may also be contained in the Profile.

--Credit Account Information: includes the name of the company reporting the account, the date the information was reported, the date the account was opened, the type of account, terms, the original balance or credit limit, current account balance, amount past due and the status of the account, such as "current account" or "30 days past due."

--Inquiries: whenever a request is made for a copy of the Profile, that request, or "inquiry," is automatically recorded on the Profile and is retained for a period of one year. Inquiries include the name of the inquiring company and the month, day and year of the inquiry.

--Public Record Information: includes the name and location of the court from which the data was obtained, a description of the item, such as "judgment" or "state tax lien," the docket number and/or page number where it was located, date and the status of the item, such as "judgment satisfied."

--Designations: each item of credit or public record information is assigned a general designation of "positive," "negative" or "non-evaluated," depending on the status of the account or public record item. A paid satisfactory account, for example, would be designated as a positive item. These designations -- selected through the consensus of credit grantors that use TRW's service -- are provided as a service to credit grantors. TRW does not provide a general credit rating -- such as "A-1" or "Triple-A Credit" -- on an individual.

--Payment Profile: is another service to credit grantors that provides them with an immediate comprehensive picture of the consumer's payment history for the last 12 months. An account that has been current for the last 12 months, for example, would be indicated in the Payment Profile as a series of "C's," representing "current." A 30-day, or one month past due, would show on the Payment Profile as a "1" in the column for that month.

--Consumer Statement: if the consumer so chooses, a consumer statement of 100 words or less regarding any item that TRW has reinvestigated and with which the consumer is still dissatisfied may also be included on his or her Profile.

(A more extensive explanation of status comments, association codes, types of accounts, and items of public record is included on the back of the sample Credit Profile).

DISCLOSURE TO CONSUMERS

Consumers may obtain a copy of their Credit Profile anytime by writing to TRW directly. Approximately 500,000 consumers a year request a copy

of their Credit Profile from TRW, through TRW's 21 Consumer Relations offices across the country. They should include the following information in their request:

- : Full name (including generation, i.e., Jr., Sr., III, etc.)
- : Addresses for 5 years
- : Social Security Number
- : Year of birth
- : Signature

If the consumer has been denied credit within the past 30 days, there is no charge for the Profile. Consumers should indicate the company that declined them credit or include a copy of the declination letter with their request. If they have not been denied credit within the past 30 days, there is a \$8 fee. (\$5 in Maryland). The request should be mailed to the TRW Consumer Relations office closest to their home (See list of TRW locations). Eighty-six percent of the consumers who request their Credit Profile from TRW do so by mail.

Consumers may also make a personal visit to TRW offices during business hours to receive a copy of their Credit Profile and speak to a trained representative, who will explain its contents. To make an appointment for a personal visit, consumers should call the TRW Consumer Relations office closest to their home. Fourteen percent of the consumers who contact TRW make a personal visit to TRW's Consumer Relations offices.

TRW reinvestigates any item on a consumer's Credit Profile that the consumer disputes. This is done by contacting the source of the information to verify its accuracy. If there is any item on the Credit Profile that

the consumer disputes, the nature of the dispute should be indicated in the column provided on the Credit Profile and returned to TRW. TRW will reinvestigate the disputed item with the source of information. If the item cannot be verified, it will be deleted from the record. TRW notifies the consumer of the result of that reinvestigation by sending the consumer an updated copy of the Credit Profile. Of the approximately 500,000 consumers a year who request copies of their Credit Profile from TRW, less than one-third dispute information on the Profile.

Consumers may add a consumer statement to their Credit Profile regarding any item which TRW has reinvestigated and with which they are still dissatisfied. This statement will tell the consumer's side of the story in his or her own words, and will be included with all inquiries to the consumer's Credit Profile. TRW will work with consumers to formulate the statement, which should be limited to 100 words or less and should not include libelous comments.

SAFEGUARDS

TRW's contract with subscribers specifies the Credit Profiles be used only in accordance with the permissible purposes outlined in the Federal Fair Credit Reporting Act. TRW has extensive security procedures, including safeguards for protecting the computer equipment, computer center, information files, systems programming and access to the TRW system.

CREDIT AND FEDERAL LAW

There are a number of federal laws that pertain to credit. The Fair Credit Reporting Act, Equal Credit Opportunity Act, and Fair Credit

Billing Act, summarized below, are the three most important laws for consumers to be aware of.

FEDERAL FAIR CREDIT REPORTING ACT

Gives you the right...

...to know what credit information is held that pertains to you, without charge if you've been denied credit within 30 days

...to know who has received a report on you in the past six months

...to have information pertaining to you, which you dispute, reinvestigated and corrected or removed if inaccurate or unverifiable

...to place a statement in the credit reporting company's records if you continue to dispute the accuracy of an item after reinvestigation

...to have an updated report sent to those credit grantors who have received a report pertaining to you in the last 6 months

...not to have adverse information pertaining to you over 7 years, or 10 years for bankruptcies, kept or reported

EQUAL CREDIT OPPORTUNITY ACT

Gives you the right...

...to be judged on an equal basis with all other credit applicants

...to have joint accounts reported for both spouses separately after
June 1977

...to have your income considered without regard to sex or marital status

...to have child support and alimony payments regularly received counted
as income, if requested

...not to be asked questions about birth control or child bearing plans

...to obtain a credit card in your own name if you are a married woman

...to know the reasons you have been denied credit

FAIR CREDIT BILLING ACT

Gives you the right...

...to file a written complaint with the credit grantor within 60 days after
the bill you question was mailed to you

...to receive an acknowledgement from that credit grantor within 30 days
after that, and a settlement within 90 days

...to forestall collection of the account until the dispute is resolved and

...to prohibit that credit grantor from reporting negative information
regarding the disputed amount to credit reporting agencies until the dispute
process is completed

OTHER CREDIT REPORTING AGENCIES AND INDEPENDENT BUREAUS

TRW is one of the largest of five major, U.S. computerized credit reporting agencies. The others are TransUnion (Chicago); Credit Bureau Inc., a division of Equifax (Atlanta); Chilton (Dallas); and Pinger (Houston).

There are many more smaller, independently owned credit bureaus nationwide that provide an important service to their communities. TRW has contractual agreements with 28 such bureaus to provide them with the latest data handling technology and enhancements, while at the same time allowing them to retain independent control of their operations, as well as access TRW's data.

H B

522

February 13, 1984

Honorable Mae Tischer
Chairman, Health, Education and
Social Services Committee
Pouch V
Juneau, AK 99811

Dear Mrs. Tischer:

This letter is in regards to Bill 522.

I agree that kindergarten should be required in Alaska. However, the age (6 years) should not be changed. The year of growth between 5 and 6 will give the child a greater capacity to learn. He will be able to cope with social situations and pressures with better understanding than before.

I feel strongly that June should be the cut off date for entering school. With this requirement there should be no doubt whether a child may or may not enter school.

Thank you for your time.

Sincerely,



Sheilah D. Eral
Homestead Elementary School
Eagle River, Alaska 99577

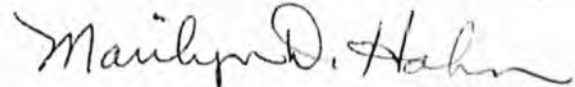
1755
February 13, 1984

Honorable Mae Tischer
Chairman, Health, Education and
Social Services Committee
Pouch V
Juneau, Alaska 99811

Dear Mrs. Tischer:

As a first grade teacher for the past twelve years, I have become convinced that most children who do not master the skills necessary to go on to second grade simply need time for maturation. I urge you to move the entry date from November 1st to June 1st. (Many parents whose children I have had said they wished they'd given them a chance to develop both mentally, physically, and emotionally before entering their child in school. Help prevent parent failure.)

Sincerely,



Marilyn D. Hahn
Homestead Elementary
Eagle River, Alaska
First Grade Teacher

February 13, 1984

Honorable Mae Tischer
Chairman, Health, Education and
Social Services Committee
Pouch V
Juneau, Alaska 99811

Dear Mrs. Tischer:

As a first grade teacher and a parent of two boys ages four and five I urge you to look at changing the school entry date.

Many children often start school in September having just turned five or at four years of age turning five by November. These children are sometimes academically ready for school but not physically or emotionally. They are often immature, have coordination problems and are really not ready for the routine of the daily classroom.

In my 14 years experience as a primary teacher I have found that the children who end up in modified primary or retained in 1st grade are children with summer birthdays and early fall birthdays.

My own sons are examples: Sean turned five on June 2. He is a very capable child but I felt he was too immature to start school. I have seen a great change in him and I am confident he will do well and be able to handle everyday pressures and demands better.

One more thought on this change in entry date. Think about the outside and peer pressures a child needs to cope with once in Junior High or Senior High. If a child has experienced frustration as the youngest in a class in elementary school it gets worse in Junior High or Senior High. Why not give the children a chance to be at the top of the class instead of the bottom? A chance to have a little more maturity to cope with the influence of drugs and alcohol.

I know this isn't the answer to all school failures, but it is a step in the right direction.

If you have any questions please write or call me at any time.

Sincerely,

Linda A Landers

Linda Landers
Star Route 192A
Myrtle Drive
Eagle River, Alaska 99577

*Please support H.B. 522 with the
age change*

H

B

530

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST:

Bill/Resolution No.: House Bill No. 530
 Title: "An Act relating to waiver of juveniles as adults."
 Sponsor: Rep. Pestinger
 Requestor: House Judiciary Committee
 Date of Request: January 25, 1984

FISCAL DETAIL:

Agency Affected: ADULT CORRECTIONS AGENCY
 Program Category Affected: _____
 Administration of Justice
 BRU, Program or Subprogram(s) Affected: Northern, Southcentral & Southeastern Regional Corrections, Admin. & Support

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES				1,520.1	1,611.4	1,708.0
200 TRAVEL				7.1	7.5	8.0
300 CONTRACTUAL		25.0	79.5	218.8	231.9	245.8
400 COMMODITIES		38.8	123.8	223.4	236.8	251.0
500 EQUIPMENT				6.4	-0-	-0-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		6.0	19.1	36.0	38.2	40.4
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	69.8	222.4	2,011.8	2,125.8	2,253.2
CAPITAL	-0-	10,621.5	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	10,691.3	222.4	2,011.8	2,125.8	2,253.2
FEDERAL FUNDS						
OTHER (Specify Source)						
TOTAL	-0-	10,691.3	222.4	2,011.8	2,125.8	2,253.2

POSITIONS:

FULL-TIME	-0-	-0-	-0-	29	29	29
PART-TIME						
TEMPORARY						
TOTAL	-0-	-0-	-0-	29	29	29

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

The source of funds to offset the fiscal impact of this bill has not been identified by the bill sponsor.

ANALYSIS: Attach a separate page for any Analysis.

Prepared By: William W. Ludwig
Roger C. Lange
 Division: Administrative Services

Phone: 465-3376
 Date: February 21, 1984

Approved by Commissioner: [Signature]
 Department: ADULT CORRECTIONS AGENCY

Date: 2/21/84

Distribution:

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

ANALYSIS

A. Assumptions:

Based on FY 1982 Juvenile arrest data and the Department of Law's estimate that 45-50 juveniles will be waived into Adult Court, it is estimated that 72.75 additional beds will be needed by the Adult Corrections Agency,. A detail of this estimate is given in Attachment 1.

B. Program Summary:

1. In FY85, funds would be required to begin planning and design for construction of medium security beds. Because of the serious nature of the offenses, however, it is assumed that a significant number of the offenders would spend some time in a maximum security setting. Capital costs for medium security beds are estimated to be \$146,000 per bed.

$$72.75 \text{ beds} @ \$146,000 = \$10,621,500$$

2. Full operating costs would not occur until FY87. It is estimated that twenty-nine (29) positions will be required to provide security and support for these beds: One (1) Correctional Officer III, twenty-six (26) Correctional Officers II and two (2) Probation Officers II. Costs for these positions will occur in FY87, the anticipated opening date for the new beds. Estimated costs are as follows:

100 Personal Services	\$1,520,100
200 Travel	7,100
300 Contractual Services	218,800
400 Commodities	223,400
500 Equipment	6,400
700 Inmate Gratuities	<u>36,000</u>
Total	\$2,011,800

Operating cost for FY85 and FY86 are for inmate cost of food, clothing, medical, etc., for the estimated persons coming into existing facilities before the new beds can be completed.

Inflation of 6% for all expenditure object groups was assumed for subsequent fiscal years.

Attachment 1

<u>Estimated Annual Frequency of Convictions</u>	<u>Presumptive Sentence</u>	<u>Estimated Average Sentence for 16 and 17 Year Olds Convicted as Adults</u>	<u>Actual Time to Serve With Credit for Good Time</u>
*Unclassified felony (automatic waiver)			
2 murder I	20 years	15 years	$11.25 \times 2 = 22.5$ years
1 murder II	5 years	4 years	$3.0 \times 1 = 3$ years
1 sexual assault 1st (with firearm)	10 years	7 years	$5.25 \times 1 = 5.25$ years
5 sexual assault 1st (without firearm)	8 years	5 years	$3.75 \times 3 = 11.25$ 2 probation
3 Class A felonies (with firearm)	7 years	6 years	$4.5 \times 2 = 9$ years 1 probation
5 Class A felonies (without firearm)	5 years	4 years	$3 \times 4 = 12$ years 1 probation
	<u>Non-presumptive Range</u>		
6 Class B felonies	0-10 years	3 years	$2.25 \times 4 = 9$ 2 probation
2 Class C felonies	0-5 years	1 year	$.75 \times 1 = .75$ years 1 probation
			<u>TOTAL: 72.75 person-years</u>

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CITY OF ALEKNAGIK
P.O. Box 33
Aleknagik, AK 99555

March 8, 1984

Representative Adelheid Herrmann
House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Herrmann:

On behalf of the City of Aleknagik, the residents of South Shore, and the Aleknagik City Council, I would like to request that the Alaska State Legislature include in the Fiscal Year 1984 Legislative appropriations, funding for a new South Shore Community Health Aide Clinic facility. At the present time, the South Shore Community Health Aide, is providing medical care for the ill in her home, and has been, for the past two years.

The residents of Aleknagik consist mainly of elderly people who do not always have access to boat transportation, or vehicle transportation, because they don't know how to operate them. The only other option is air transportation, for medical care and immediate emergencies. Moreover, the elderly people don't use English as their first language and usually prefer a person who can speak their language, which is Yupik Eskimo, to tell the Community Health Aide of their medical problems.

The employment situation is also another problem that causes the income to be below average in many homes, and not all of the South Shore Aleknagik residents have access to vehicle transportation. Therefore, the people in the community rely on their Community Health Aide for medical problems, because air transportation is high. For one person to fly to Dillingham, it costs \$ 40.00 one way, and that adds up, especially if the Native community mainly relies on subsistence livelihood to help meet their basic needs, such as high food costs, which are practically doubled the cost of Anchorage food prices.

The approval of a new South Shore Clinic would improve the sanitation and health/safety requirements of the Indian Health Service, by providing adequate water, sewer, heat for

Representative Adelheid Herrmann
House of Representatives
Pouch V
Juneau, Alaska 99811
March 8, 1984
Page Two

the protection of the patient's medical care. Recently, during a "cold spell," the South Shore Community Health Aide's medicine froze and had to be disposed of, when at all times, she should have an adequate supply of medication on hand for basic emergency care.

Currently, the South Shore Community Health Aide has one (1) four-drawer steel file cabinet, that she keeps her medicine, in one of the drawers, medical utilities, such as thermometers, otoscopes, in another drawer, and records and other basic medical supplies in another drawer. The South Shore Community Health Aide, personally, is also keeping medication that has to be kept refrigerated, in her refrigerator, along with her food, and she doesn't approve of the idea of "mixing" food and "medication" in one mini-refrigerator. Those are the only two (2) pieces of "medical" equipment that she is equipped with, along with a telephone to take care of medical emergencies--right at home!

The South Shore Clinic would also be a benefit to the South Shore Community Health Aide's well-being. She would be more confident, knowing that adequate medical equipment, and supplies were locked up in the South Shore Clinic, and would fit the true role of a Community Health Aide in her new setting and environment.

Bob Appel, Director of Community Services, for the Bristol Bay Area Health Corporation, is proposing to submit to include South Shore Health Clinic Lease space to the Indian Health Service, for Fiscal Year 1984 Budget. If funding to build a new South Shore Clinic, and funding for clinic equipment is approved, the City of Aleknagik would like to begin construction of the South Shore Clinic facility in the Fall of 1984. It is currently estimated that the construction time span for the clinic would be approximately two (2) months. The City plans to use local people to build the clinic, and for the building materials, we are using estimate by a local supplier, Choggiung Lumber & Supply, so we wouldn't have to worry about freight expenses for the building materials. The only freight expenses would be for the new clinic equipment from American Hospital Supply, of Redmond, Washington, and from Anchorage, for office desk, chair, garbage can, and 4 waiting chairs.

Representative Adelheid Herrmann
House of Representatives
Pouch V
Juneau, AK 99811
March 8, 1984
Page Three

Therefore, for the benefit of the local elderly's health care, and the South Shore residents of Lake Aleknagik, I again propose that the Alaska State Legislature provide funding for a new South Shore Community Health Aide Clinic Facility, and Clinic Equipment for our community. Thank you for your time and consideration.

Sincerely,

CITY OF ALEKNAGIK

Helen M. Chythlook

Helen M. Chythlook
City Administrator

cc: Senator Bob Mulcahy
Older Alaskan Commission
Senator Frank Ferguson
Senator John Sackett, Senate Finance Co-Chairman
Representative Albert Adams, Chairman, House Finance
Robert J. Clark, Executive Director, BBAHC
Vivian M. Chythlook, South Shore Community Health Aide
Aleknagik City Council

Attached: Chog Lumbers Letter & Cost Estimates for
Clinic Building Materials
Betty Knutsen's Clinic Equipment Cost Estimate List
(CHAP Director, Bristol Bay Area Health Corp.)

CITY OF ALEKNAGIK

P.O. Box 33

ALEKNAGIK, ALASKA 99555

(907) 842-5953

PROPOSED SOUTH SHORE HEALTH CLINIC - FY84
SPECIFICATIONS: 20' x 24' (Minimum required by I.H.S.)
COST ESTIMATES

CLINIC EQUIPMENT COSTS:	\$ 5,350.00 (w/out Freight)
EQUIPMENT FREIGHT ESTIMATE:	10,000.00 (Approximate)
BUILDING MATERIALS:	8,952.34 (Chog Lumber Quote)
Electrical Package: (Telephone Installation included) (but optional for now)	1,342.74 (Nushagak Electric)
Water & Sewer System	20,000.00
Construction/Labor Costs (two months-three months work)	<u>15,000.00</u>

TOTAL ESTIMATE COSTS: \$ 60,645.00

MEMORANDUM

TO: Wassillie Ilutsik, Mayor
Aleknagik City Council

FROM: Helen *June* Chythlook, City Admin. strator

RE: South Shore Health Clinic Equipment Estimates
(Equipment Needed by South Shore Health Clinic)

Per Telephone Conversation with Barbara Knutsen,
CHAP Director, Bristol Bay Area Health Corporation

DATE: 2 March 1984

Barbara Knutsen, CHAP Director, Bristol Bay Area Health Corporation said that Equipment Needed for the South Shore Health Clinic are as follows. These are rough estimates for now.

<u>EQUIPMENT</u>	<u>COS? ESTIMATE (WITHOUT FREIGHT)</u>
Exam Table (Catalog-American Hospital Supply) (Redmond, Washington)	\$ 1,300.00 (no freight)
Treatment Cabinet with Drawers (Catalog-American Hospital Supply) (Redmond, Washington)	\$ 100.00 (no freight)
Storage Cabinet(Double Door that Locks) (Barrett Office Supply)/156 pounds.	\$ 241.00 (without Freight)
Goose Neck Lamp (American Hospital Supply) (Redmond, Washington)	\$ 54.00 (no freight)
Double Pedestial Desk (Barrett Office Supply)/135 pounds.	\$ 300.00 (no freight)
Desk Chair/with Arms (Barrett Office Supply)/45 pounds (approx.)	\$ 86.00 (no freight)
Swivel Desk Chair (Barrett Office Supply/43 Pounds)	\$ 146.00 (no freight)
Folding Chairs (14.50 each) (Barrett Office Supply (46 pounds/4 chairs)	\$ 58.00 (4 Chairs/Carton)
Refrigerator (10.4 Cubic foot) (Sears/ 154 pounds)	\$ 400.00 (no freight)