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what with seniority and all, there will be sometimes supervisors making less than the men they are supervising, or such a situation as that.

Mr. Bradner said that that is the situation of a lot of labor jobs, and that it does create a lot of hard feelings. However, he said, the opposite is true, also - a person **with enormous** capacity might be in a slot far beneath his capacity but because certain criteria for the higher jobs, such as education or number of work years, must be met, the person cannot advance. He said he was specifically **thinking** of all the one man offices in this state where the secretary literally must be an executive secretary in terms of duties that she must fulfill, and yet is classed only as a Secretary I or some such.

Mr. Ray assured Mr. Hunt that there is flexibility for the Personnel Division in this bill, and Mr. Hunt said then that that is fine, just so they have the ability to be innovative.

Mr. Ray thanked Mr. Hunt and said he thought that the bill would probably be reported out of committee within a couple days.

DEPARTMENT OF
ADMINISTRATION
PIONEERS' HOMES
Sitka Home

The 1969-70 authorization for Personal Services in Pioneers' Homes, Sitka Home, was \$548,800. The Governor's request is \$710,000, which is an increase of \$161,200 or 29.37%. The increase is due to employee benefits, reclassification and reallocations, salary increases, vacancy and turnover, and new positions.

Mr. Ray asked why they got budget approval at Step D.

Mr. Freer explained that in a number of programs the majority of employees hired are at higher steps and so the Department requests permission to budget at a higher step.

Code 200: The 1969-70 authorization for Travel was \$3,000. The Governor's request is \$5,400, which is an increase of \$2400 or 80%. The majority of the increase is in per diem within Alaska. Mr. Ray asked what this is for. Mr. McVay said that the increase is for the dietician who is supposed to function for the entire division - Sitka, Fairbanks, Palmer. Mr. Ray asked about the Director. Mr. McVay said that during the construction of the Palmer facility he should have the ability to go see what is being done. Mr. Ray asked if the man at the Sitka home is the Director of the entire Division of Pioneers' Homes, and Mr. McVay said yes.

Code 300: The 1969-70 authorization for Contractual Services was \$51,600. The Governor's request is \$65,700, which is an increase of \$14,100 or 27.33%. The majority of the increase is in Professional Fees and Services. Mr. McVay said that that is to maintain the current level. He said that apparently some of the guests now coming in are older than the average and are coming in with medical problems. This does require some additional specific medical care. Some of the guests are now between 75 and 82 and are in need of additional help. Mr. Ray requested that this be marked.

Mr. Hohman came in at this time.

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Code 400: The 1969-70 authorization for Commodities was \$107,500. The Governor's request is \$123,300, which is an increase of \$15,800 or 14.7%. The majority of the increase is in Other Supplies, Materials and Parts.

Code 500: The 1969-70 authorization for Equipment was \$15,000. The Governor's request is \$16,900, which is an increase of \$1900 or 12.54%. Mr. Ray asked what they did with the \$15,000 this year. Mr. McVay said that he would guess that it was used on contingency items, which was the big item last year. Mr. Ray asked that this code be marked. Mr. Ray noted that a \$10,000 contingency is requested for next year. Mr. McVay explained that the home was built in 1934, and that it is hard to keep the equipment all in operating order.

Code 600: The 1969-70 authorization for Land and Structures was \$10,000. The Governor's request is \$7,000 which is a decrease of (\$3,000) or (30%). This is for repairs on the building itself. Mr. Ray asked that this be marked.

Code 700: The 1969-70 authorization for Grants, Claims and Shared Revenue was \$48,700. The Governor's request is \$40,000 which is a decrease of (\$8,700) or (17.86%).

Code 900: The Governor requested \$2,800 for Inter-Agency Charges for vehicle rental.

Fairbanks
Home
Code 100:

The 1969-70 authorization for Personal Services was \$267,500. The Governor's request is \$326,300, which is an increase of \$58,800 or 21.98%. Increases are due to reallocations, reclassifications, salary increase, vacancy and turnover, and new positions.

- Code 200: The Travel Code was missing from the budget books. However, the 1969-70 authorization for Travel was \$2,400. The Governor's request is \$1400, which is a decrease of (\$1,000) or (41.67%).
- Code 300: The 1969-70 authorization for Contractual Services was \$57,800. The Governor's request is \$55,100, which is a decrease of (\$2,700) or (4.67%).
- Code 400: The 1969-70 authorization for Commodities was \$79,000. The Governor's request is \$81,500, which is an increase of \$2,500 or 3.16%.
- Code 500: The 1969-70 authorization for Equipment was \$5,600. The Governor's request is \$6,000, which is an increase of \$400 or 7.14%.
- Code 600: The 1969-70 authorization for Land and Structures was \$500. The Governor's request is \$2,200, which is an increase of \$1,700 or 340%.
- Code 700: The 1969-70 authorization for Grants, Claims and Shared Revenue was \$14,400. The Governor's request is \$8,400, which is a decrease of (\$6,000) or (41.67%). This is an estimated amount needed for the guest's grants at \$20 per month [There is a bill in to change this to \$35 per month]. Mr. McVay explained that the guests usually pay between \$180 to \$205 per month to stay if they can afford it - but those who, for instance, only receive \$80 to \$90 per month social security only pay that amount. Mr. Haugen asked in case there was some indigent who really needed to stay there, would they move a paying guest out and Mr. McVay said no.

EMPLOYEE BENEFITS
& RELATIONS

Public Employees Retirement The 1969-70 authorization for Public Employees Retirement was \$23,900. The Governor's request is \$39,900, which

Code 100: is an increase of \$16,000 or 66.95%. There is a request for one new position, a Benefit Analyst. Mr. Ray asked if Mary Jean Hackwood approves of this, and Mr. McVay said yes, that she does. This will give her more time to travel, and it is important that she be able to travel.

Code 200: The 1969-70 authorization for Travel was \$3,700. The Governor's request is \$6,100, which is an increase of \$2,400 or 64.86%. Mr. Ray inquired about the travel for the Board members, and wondered if it was necessary. He asked that this be marked.

Code 300: The 1969-70 authorization for Contractual Services was \$33,000. The Governor's request is \$33,900, which is an increase of \$900 or 2.73%. The majority of the increase is in Communications. Mr. Ray asked what the investment service is. Mr. McVay said that two banks in Anchorage have the funds. Mr. Ray asked how they were paid in 1968-69. Mr. McVay said that they were getting a very small amount, and the investment reflected that.

Code 400: The 1969-70 authorization for Commodities was \$500. The Governor's request is \$200, which is a decrease of (\$300) or (60%).

Code 500: The 1969-70 authorization for Equipment was \$900. The Governor's request is \$300, which is a decrease of (\$600) or (66.67%).

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Code 900: The 1969-70 authorization for Inter-Agency Charges was \$22,600. The Governor's request is \$43,400, which is an increase of \$20,800 or 92.04%. \$21,100 of the increase is for Data Processing. Mr. Ray asked that that be marked. He asked if that comes out of the special fund, and Mr. McVay said yes, this is a charge to Retirement rather than to the General Fund.

Teachers Retirement System

Code 100: The 1969-70 authorization for Personal Services in the Teachers Retirement System was \$34,000. The Governor's request is \$51,900. which is an increase of \$17,900 or 52.65%. There is one new position, a Benefits Analyst.

Code 200: The 1969-70 authorization for Travel was \$2,800. The Governor's request is \$7,000, which is an increase of \$4,200 or 150%. The main increase is in the number of Board members. Mr. Ray asked that this be marked. Mr. Hunt said that in both of these systems [the Teachers Retirement System and Public Employees Retirement System] these kinds of things are funded by the systems and there have been comments and suggestions from both groups that perhaps communications could be better but they are unable to improve them unless they can go to the various places.

Code 300: The 1969-70 authorization for Contractual Services was \$34,000. The Governor's request is \$34,500, which is an increase of \$500 or 1.47%. There is a nominal raise in Communications.

Code 400: The 1969-70 authorization for Commodities was \$500. The Governor's request is \$300, which is a decrease of (\$200) or (40%).

Code 500: The 1969-70 authorization for Equipment was \$500. The Governor's request is \$300, which is a decrease of (\$200) or (40%).

Code 900: The 1969-70 authorization for Inter-Agency Charges was \$22,600. The Governor's request is \$41,800 which is an increase of \$19,200 or 84.96%. Mr. Ray requested that the \$19,600 for data processing be marked.

FICA Admin. Code 100: The 1969-70 authorization for Personal Services in FICA Administration was \$11,000. The Governor's request is \$11,900, which is an increase of \$900 or 8.18%.

Code 200: The 1969-70 authorization for Travel was \$1,700. The Governor's request is \$1,800, which is an increase of \$100 or 5.88%. Mr. Ray asked who takes the trips, and was answered that sometimes they aren't taken, when the Benefits Supervisor cannot go.

Code 300: The 1969-70 authorization for Contractual Services was \$600. The Governor's request is \$700 which is an increase of \$100 or 16.67%.

Code 400: The 1969-70 authorization for Commodities was \$100. It is the same this year.

Code 900: The 1969-70 authorization for Inter-Agency Charges was \$100. The Governor's request is \$4,700, which is an increase of \$4,600 or 4,600%. \$4500 of this is for Internal Audit.

Territorial Retirants Code 700: The 1969-70 authorization for Grants, Claims and Shared Revenue for Territorial Retirants was \$8,000. The Governor's request is for \$10,000 which is an increase of \$2,000 or 25%.

Employee Relations & Health Insurance This is a new program for fiscal year 1970-71.

Mr. McVay said that actually this isn't really a new program but it is an attempt to break down all the costs in one place so they can determine costs from one year to the next.

Code 100: The Governor's request in Personal Services is \$33,900. One position is being transferred [a Personnel Analyst] and another position was created by Executive Order. Mr. Ray asked that these be marked.

Code 200: The Governor's request for Travel is \$6,200.

Code 300: The Governor's request in Contractual Services is \$8,700. \$3200 of this is for special services if required to obtain a new Insurance carrier by competitive bid. This is required by statute every five years, and it is possible that renegotiations down would be feasible, Mr. McVay said.

Code 400: The Governor's request for Commodities is \$10,100. \$10,000 is in Professional Supplies, which are supplied for Training Activity. Mr. Ray asked who they are going to train, and Mr. McVay said state employees. Mr. Ray asked what they are going to train them to do. Mr. McVay said partly in ^{the} insurance program, as there has been inadequate coverage or explanation of this to the employees.

Code 500: The Governor's request for Equipment is \$300.

Code 900: The Governor's request in Inter-Agency Charges is \$500. Mr. Ray asked if they are breaking even with this and Mr. McVay said that he doesn't think it is costing them money. In the long run they are doing all right.

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Mr. Ray said that it was his understanding that when they requested the new people this year they were going to eliminate all the personnel people in the different departments, and yet now there are continuing requests for these personnel people in the various departments. Mr. Hunt said that he did not remember anyone saying that these people were going to be pulled out of the departments. He said that the personnel clerks have to be in the departments. Mr. Croft asked if the Department of Highways still has its own recruiter and Mr. Hunt said that Personnel is controlling all recruiting, and the Department of Highways has to clear with them. He said that now when a person goes outside, Mr. Downes sends a request up to the Governor's Office before he goes. They haven't done this before.

SURPLUS
PROPERTY

Code 100:

The 1969-70 authorization for Personal Services in Surplus Property was \$89,100. The Governor's request is \$104,700, which is an increase of \$15,600 or 17.51%.

Code 200:

The 1969-70 authorization for Travel was \$2,100. The Governor's request is \$2,500 which is an increase of \$400 or 19.05. Mr. Haugen said that he is concerned that this surplus property is just limited to Health and Welfare and he said that at one time the smaller communities could get some of this and he felt it would be only fair to return this privilege to some of these areas.

Mr. McVay said they could if they could secure changes in the federal statutes. Mr. Haugen felt that some attempt

MUNICIPAL
SERVICES &
REVENUE
SHARING

should be made.

Mr. Freer said that this year \$1,000,000 was appropriated because of the unknown cost of this program. It actually developed that the revenue sharing cost was \$2,020,000 [a supplemental of \$1,020,000 was authorized in 1970].

He said that they are in the process of distributing that now. The Governor's request for this coming year is \$2,500,000, just based on their experience this year and adding arbitrarily because of feeling that some communities probably did not know about it before and because of some population increase.

Mr. Freer said that there are some problems in the administration of this program, and the Department is in the process of developing some information to get over to the legislature. Basically, he said, the problems have to do with the lack of specification. He said that the Department took a pretty liberal view.

Mr. Ray expressed the feeling that the whole idea of revenue sharing will be enlarged on this year.

Mr. McVay said that the Senate Finance Committee asked them to go through and make comments regarding the administration of the program. Mr. Ray requested that this be furnished to the House Finance Committee, also. After further discussion, Mr. Ray suggested that this matter be brought to the Special Monetary and Investment Committee, as they are concerned with this matter.

Mr. Ray thanked Messrs. Downes, McVay, Hunt and Freer, and they left at this time.

Mr. Bradner left, also.

Bill Assignments:

Mr. Ray made the following bill assignments:

CSSB 240: CSSB 240 (Act relating to the purchase of services for persons for whom the state has assumed responsibility) Mr. Croft

HB 338 (Relating to the protection and use of state highways and roads) Mr. Sackett

HB 466 Mr. Croft moved and asked unanimous consent that HOUSE BILL NO. 466 (Appropriation to Department of Natural Resources - fire suppression) be brought up for discussion. No objection, so ordered. Mr. Croft said that last year this appropriation was not passed because the Bureau of Land Management had not furnished the state with a complete bill for the season. After considerable auditing, according to a letter from Mr. Wallington, Deputy Commissioner of Natural Resources, they have reduced the bill from the Bureau's tentative amount of approximately \$4 million to a total of \$2,162,975.81. Mr. Croft moved and asked unanimous consent that the committee amend the figure \$2,162,975.81 to \$2 million and pass HB 466 as amended out with a do pass recommendation. No objection, so ordered.

SSSB229am Mr. Sackett moved and asked unanimous consent that SPONSOR SUBSTITUTE FOR SENATE BILL NO. 229 amended (providing for a representative board of directors for state operated schools) be brought up for consideration by the committee. No objection, so ordered. Mr. Sackett explained that this creates a new board for rural Alaska and for the bases. It is a separate board from

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the state board. The cost is \$23,000, and it is a seven member board meeting for 60 days out of the year. It has already passed the Senate. Mr. Sackett felt that this will give the rural areas more voice on education. Mr. Sackett said that the Administration backs this bill. Mr. Sackett moved and asked unanimous consent that this bill be passed out of committee with a do pass recommendation. No objection, so ordered.

HB 428

Mr. Hohman moved and asked unanimous consent that HOUSE BILL NO. 428 (relating to the small grain incentive program) be brought up for consideration by the committee. He said that this bill changes the effective years of the small grain incentive program because there have been poor years for growing grain and the result is that the program hasn't really been tested. He read a letter from Mr. Wallington explaining this further [letter in bill file]. Mr. Hohman moved and asked unanimous consent that HB 428 be passed out of committee with a do pass recommendation. Objection was heard, and HB 428 was passed out with a majority report of "do pass", with Mr. Sackett voting "no recommendation."

HB 469

Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 469 (appropriating to Department of Education - Public Educational Broadcasting Commission) be brought up for consideration. No objection, so ordered. Mr. Haugen moved and asked unanimous consent that HB 469 be passed out of committee with a "do pass" recommendation. Mr. Ray objected, and moved that the bill be passed out with individual recommendations. The bill was passed out

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with a majority report of "no recommendation", Mr. Haugen voting "do pass."

SCR 1 am

Mr. Hohman moved and asked unanimous consent that SENATE CONCURRENT RESOLUTION NO. 1 amended (relating to education television) be brought up for consideration by the committee. No objection, so ordered. Mr. Hohman moved and asked unanimous consent that SCR 1 am be passed out of committee with a unanimous do pass recommendation. No objection, so ordered.

HB 246

HOUSE BILL 246 (relating to state employees pay - salary survey) was brought up for discussion. Mr. Dean explained the changes in the Committee Substitute that had been prepared. It was moved and unanimous consent requested that HB 246 be replaced by CSHB 246 and passed out with a do pass recommendation. No objection, so ordered.

Recess:

Meeting recessed at 10:30 a.m.

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AFTER RECESS

2:15 p.m.

Present: Mr. Ray and Mr. Borer. Mr. Joe Henri, Chairman of the
OCEANO- Juneau Douglas Oceanographic Commission; Mr. Bill Berrier,
GRAPHIC Attorney for the Greater Juneau Borough and also a member
COMMISSION of the Commission; and Bill Boehl, a member of the Commission.

COAST Mr. Haugen chaired the meeting and called it to order at
COMMISSION 2:15 p.m.

Mr. Henri explained they were present to express their concern with the University of Alaska's plan to take all of the state research that they can manage to Seward where they hope to start a new marine laboratory. Mr. Henri said they have had word of this for over two years but each time they have talked to Dr. Hood or Dr. Wood they steadfastly denied any attempt to move the Douglas facility. Mr. Henri said the people who are moving in the laboratory in Douglas have received their "walking papers" and told they would go to Seward the first of April.

Mr. Henri gave a brief background on the facility at Douglas noting this has been called a wonderful spot by a scientific report and that the City of Douglas had donated two buildings for this use. He added, however, that the research has dwindled off in the last two years. Mr. Henri explained the work that Dr. Nayudu is doing at the Douglas facility is principally on a grant from the Office of Naval Research. Mr. Henri added that the University of Alaska does take some of this money for overhead. Mr. Henri noted that the University has also applied to the Coast Commission for a sum of money to help

set up the laboratory at Seward. Mr. Henri said in the report to the Coast Commission the University also said they were going to try to get the Department of Fish and Game research now being done in Juneau moved to Seward.

Mr. Henri said that he and Mr. Berrier had met with the Secretary of Interior in Washington, D.C. on some of these problems.

He said that they have changed their strategy and do not object to the Auke Bay Laboratory being moved to Kodiak and the work that is planned for Kodiak but that they do object to the University attempting to remove the research and to destroy Juneau as a base for research and added with the Bureau of Commercial Fisheries, the State Fish and Game and the Douglas Marine Station, there could be quite a complex in Juneau. Mr. Henri said what they would like to do is to develop the Marine Laboratory here concentrating on the areas estuaries.

Mr. Henri gave U.S. Plywood-Champion Papers and Marcona as industries coming into the area noting they have to show Fish and Game and other people what these companies will do by way of changing the environment.

Mr. Berrier noted that this will be attracting a lot of state and federal interest. He also felt that if the Douglas Station is closed down in a few years the ecology studies in this area will be being done out of Seattle and out of the University of Washington.

Mr. Boehl said that this past year the University of Oregon has become quite powerful in the field of oceanography and they have expanded their activity and a good portion of their work involves the Alaska coastline. He added that the University of Washington has been coming up for some forty years but noted most of their work is not available. Mr. Boehl said that he would like to see the University of Alaska get into fields more basic and realistic in their research on the clam, crab, etc. He said he thought the University should make a comprehensive study and lay out a program that would make sense for future development. Mr. Boehl said he could not see removing the Douglas Station without laying out some long range plans to cover all of Alaska. Mr. Boehl said the field is just tremendous. He noted the pollution and controls on the logging industry and said that this field is so vast they can't begin to cover it.

Mr. Bradner asked if Dr. Nayudu is going to be the only one left in Douglas. Mr. Boehl said he thought so and noted Dr. Nayudu is the Executive Director of the COAST Commission. In answer to Mr. Bradner, Mr. Henri explained although Dr. Nayudu is listed as a professor for the University he originally came here with a grant from the Office of Naval Research. Mr. Henri said Dr. Nayudu is doing his own research as an ocean geologist.

In answer to Mr. Bradner, Mr. Haugen said it was his understanding they had taken the boat that Dr. Nayudu was working on to Seward. Mr. Bradner asked how many people would be involved at the Douglas Station.

Mr. Boehl said it would be difficult to answer because the people come and go but he would guess around 15.

Mr. Henri added it would not be more than 15, and noted they have let this dwindle down to nothing.

Mr. Berrier noted with the new industries coming into the area they would need background data on the ecology of the area.

In answer to Mr. Bradner, Mr. Henri said that in the case of U.S. Plywood-Champion Papers they had a 7 man ecology team and they had signed a contract with the University of Alaska. Mr. Henri said that as far as knowing how to dispose of the effluent, etc. the company has allocated a great deal of money but it has not been determined where this will go. Mr. Bradner asked if it would be likely this would go to a university simply to gain some integrity. Mr. Henri answered that he would think so. Mr. Berrier said the figure for this study of U.S. Plywood-Champion Papers would be somewhere around \$300,000 over several years. Mr. Croft asked what they were asking of the committee noting the University budget is a lump sum and not a line item. Mr. Henri said they realized this but if the finance committee expressed some interest in this it would make a

difference. Mr. Haugen said that they have a nucleus here and if they start to erode one part from Southeast then sooner or later the whole thing will be moved out. Mr. Haugen said he felt Seward was "the wrongest place in the world to put this particular facility." He said that the Bureau of Commercial Fisheries wanting to locate at Kodiak is a responsible idea and he could understand this.

Mr. Henri said they are not opposing the Kodiak idea but felt there is no justification for the University moving the Douglas facility.

Mr. Berrier stressed, again, the fact there will be more industry money and federal money available for this particular type of study and noted that it will be important to find out about pollution, etc. that will occur as a result of industry coming into the area.

Mr. Haugen noted that Haines is having a problem in that there is zinc being dumped into Lynn Canal.

Mr. Boehl said they would like to see the University come forth with some long range plans regarding oceanographic studies.

Mr. Haugen said he would hope Messrs. Henri, Berrier and Boehl would be available when the Board of Regents come down and the gentlemen said they would be.

Adjournment: The meeting adjourned at 2:45.

HOUSE FINANCE COMMITTEE

February 23, 1970

9:00 a.m.

Present: All members of the committee were present.

CSHB 251 Mr. Ray called the meeting to order, and said the first order of business would be COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 251 (relating to the purchase of services by the Department of Health and Welfare). He said they would go through it verse by verse and asked for any questions or suggestions.

Mr. Borer asked if this bears any relationship at all to the original bill. Mr. Ray said it is a compromise, but it does take the philosophy that the department shall have control rather than open end.

Mr. Ray then referred to the proposed COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 251, Section 1. AS 47, which is amended to read, "SEC. 47.40.010 PURCHASE OF SERVICES. When the department purchases services for persons for whom the state has assumed responsibility under the laws of the state, the department shall (a) adopt regulations establishing the levels of care to be provided, (b) determine the rates of payment for the full cost of services required, (c) pay all expenses related directly to the full cost of services at the levels of care required, (d) make the placement of persons in accordance with the levels of care or for in the regulations. Services of jails and other penal institutions shall not be included in services purchased by the state in this chapter."

Mr. Haugen wondered about a state prisoner in jail requiring medical attention, and Mr. Ray said they would get to that later.

Mr. Ray then referred to SEC. 47.40.020 LICENSING AND SUPERVISION, which, first of all, starts off with "Anyone," the definition for which is found on the third page under SEC. 47.40.080 DEFINITION. "Anyone" means any person, city, organized borough and private or voluntary institution or agency.

Mr. Borer asked if this would include a public nonprofit corporation such as the Cordova Community Hospital, Inc., owned by a number of people in Cordova. Mr. Ray replied it meant any person who would be the operator or president of a community organization.

Mr. Ray then quoted SEC. 47.40.020 LICENSING AND SUPERVISION, "Anyone providing services which are purchased by the department under this chapter shall, if required by the department, be licensed and supervised in the same manner as boarding homes, foster homes and other institutions as provided for in AS 47.35.010 - 47.35.080."

Mr. Borer asked if hospitals are presently licensed in any way, and Mr. Ray replied that they have to be licensed, that this section comes directly out of the department's act. He asked Mr. Dean to look up the Act covering that.

Mr. Ray then referred to SEC. 47.40.030 REQUIRED ACCOUNTING PROCEDURES, "Anyone who solicits or receives funds from the department for the cost of services provided under this

chapter (A) shall meet accepted standards of fiscal accountability for public funds and shall, upon request, submit a complete financial statement by an independent, certified public accountant to the department and to the division of legislative audit; (B) shall, upon request prior to the meetings as provided for in AS 47.05.010 (14), demonstrate the actual cost of services offered using cost accounting procedures as provided for by the department; (C) shall, upon request, furnish the division of legislative audit all fiscal information, books, records and accounts pertaining to services paid for under this chapter."

Mr. Ray then referred to Section 2. AS 47.05.010 (14), "each February hold public meetings to review, study, and propose, the necessary levels of care and the rates it will pay to anyone for the services required during the succeeding year. Before final adoption by the department the proposed levels of care and the rates of payment shall be reviewed by the legislature annually while in session." It is a compromise, Mr. Ray added, and said it would take care of those problems that Mr. Croft was concerned with. Mr. Croft disagreed and said it is actually not a compromise, but it is closer.

Mr. Ray again referred to Sec. 47.40.030 (B) & (C), and added that there is no problem with Sec. 47.40.040 DETERMINATION OF FULL COST OF SERVICES. Mr. Croft said, however, that it reads, in part, ".....determined to be necessary by the department.....," and said this is getting back to what the

commissioner wanted all along - it is the commissioner's wording. If they are receiving services they don't want they don't pay for them.

Mr. Ray noted that the full cost of services does not include the following: (1) expenses, including salaries and fees, incurred in raising funds; (2) funds expended for construction, major equipment and other capital expenditures; (3) depreciation and replacement costs of, and costs of additions to, major property and equipment; (4) religious training and education; and (5) services provided which are substandard to, or exceed, the requirements of the state.

Mr. Borer asked what the basis is for including (2) and (3), as they are two of the most vital functions involved.

Mr. Ray said the full cost of service does not include them, and this was in both bills. Mr. Croft said (3) was not in both bills.

Mr. Ray referred to SEC. 47.40.060 TEMPORARY PLACEMENT.

"When anyone places a person in a borough, city, community or private hospital, institution, or agency pending establishment of state responsibility for their care, the department shall not be responsible for the cost of services purchased until the department officially assumes responsibility for their care as provided for under the laws of the state. When the department temporarily places a person in a borough, city, community or private hospital, institution, or agency pending the determination of their

responsibility it shall pay the actual cost of the services provided."

Mr. Ray thought that would take care of this part of the problem Mr. Haugen was concerned about, namely, prisoners or such who are put in a hospital for a few days. However, Mr. Croft said no, because it provides again for actual costs determined necessary by the department.

Mr. Ray said he thought that "actual cost" would be enough. Mr. Croft said he would like to put the Committee Substitute language back in there.

Mr. Ray referred to Sec. 47.40.040 PERMANENT PLACEMENT, "When the department places a person for whom it has assumed responsibility in a borough, city, community or private hospital, institution, or agency it shall, when offered, purchase a level of care the department deems necessary to provide that person with reasonable rehabilitation services over and above the established level of care supplying ordinary safety, comfort and general welfare." Mr. Ray said that this is the compromise, and thought it was better than it originally was. Mr. Croft didn't agree, saying it was getting closer, but it still says "the department deems necessary."

Mr. Ray asked if he believed the state was supposed to be running this type of thing. Mr. Croft replied that if the state wants the services, they are going to have to buy them. He wondered if it is the state's responsibility to help these children or if it is the responsibility of the homes.

These homes will not go on strike if they don't get enough support and refuse the children, and he felt for this reason the state simply must help them out.

Mr. Ray said that if the private organization picks up the tab, the state must provide for repayment as the state is responsible. He told Mr. Croft that the committee could not leave this an "open end" type arrangement, however, and let the people who run these organizations determine the amount to be provided. He realized this was the "liberal" viewpoint but he just didn't feel the legislature would "buy it." Mr. Croft again disagreed and said the state places them in the homes and if they don't want to pay at the level determined by the home, they don't have to pay at the rate, they [the state] can place them somewhere else. Mr. Ray said they can't place them if these people don't want them, and Mr. Croft said the homes would take them in any event - he was referring to the institutions.

Mr. Borer asked Mr. Croft if this proposed Committee Substitute is any improvement over what they have now. Mr. Croft said no, it is back to the same old thing, the department setting rates. However, he said it is better for temporaries. Mr. Ray disagreed. Mr. Croft said it reads, ".....It [department] shall, when offered, purchase a level of care the department deems necessary....."

Mr. Ray disagreed, and said the state has to purchase it.

Mr. Haugen asked if this isn't all determined in the February meeting. Mr. Ray said yes, at the February

meeting the department tells what they propose to be a necessary rate. If the legislature finds it isn't going to be enough they can change it. Mr. Ray said this is what the review of rates each February is about.

Mr. Bradner said it runs in cycles, in his particular area [Fairbanks] they almost ran the risk of forcing small operations to close and about five of the patients would have had to go back to API, which would have been more of a cost than the operation of the home. He added that Commissioner McDonald wouldn't see it any other way. Mr. Haugen said everyone misunderstood what Mr. McDonald was doing. He was comparing cost in Alaska with outside costs. It was that wide differential that caused Mr. McDonald to try to get a level in Alaska.

Mr. Schwamm came in.

Mr. Haugen continued, stating that the cost of capital improvements, etc., are not included in the hospital rates and that is why the differential is so great. The picture is changing so much. He said some of the private institutions go under the guise of charity and he can see a reason for having this control of it.

Mr. Bradner referred to (2) under SEC. 47.40.040 DEFINITION OF FULL COST OF SERVICES, "funds expended for construction, major equipment and other capital expenditures;" and said one of the two places in Fairbanks would come under this and the other wouldn't. Mr. Ray asked if he would want to put (3) in there, "depreciation and replacement costs of,

and costs of additions to, major property and equipment." Mr. Haugen said he could understand Mr. Ray's point because of all the supplementals they had when everyone had a bunch of bad bills on their back and turned them in to the state. He thought they should give legislative intent that anyone having a bill against the state had to have it in by the 10th of the month, otherwise the state would not honor the claim.

Mr. Ray referred to examples of bills from the Department of Health and Welfare being turned over to the legislature three years later, with absolutely no backup to prove the state ever received these services.

Mr. Croft asked why distinguish between temporary and permanent. Mr. Ray said it would leave it open end.

Mr. Croft asked what the department defined as "temporary."

Mr. Ray said "temporary" is pending determination of their eligibility, and that this is where the compromise lies.

Mr. Croft did not understand why everyone is so concerned about this; for example, if government buys a desk they pay the going rate. Mr. Ray said they [charitable organizations] are not competitive. Mr. Croft said they are providing services for the state and the state isn't paying for them. Mr. Ray asked who rent for them, they established these homes on their own. Mr. Croft said these homes are established out of the goodness of their hearts and the state takes advantage of this.

Mr. Ray asked Mr. Croft if he would pass this law where it

gives the legislature final say on the level of care. Mr. Croft said regarding permanent service, they are not paying full cost and he would like to delete the words "permanent" and "temporary." Mr. Ray said the bill would be returned to file until the other members had a chance to review the proposed substitute.

Bill COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 240 (Purchase of
Assignment services for persons for whom the state has assumed

CSSB 240 responsibility) -- assigned to Mr. Borer.

SB 462 SENATE BILL NO. 462 (Sabbatical leave for teachers) --
assigned to Mr. Borer.

HCR 40 HOUSE CONCURRENT RESOLUTION NO. 40 (Development training
programs in oil drilling operations for people of Alaska's
Arctic) -- assigned to Mr. Croft.

HCR 26 HOUSE CONCURRENT RESOLUTION NO. 26 (Early childhood
education) -- assigned to Mr. Borer.

HB 605 HOUSE BILL NO. 605 (Magistrates) -- assigned to Mr. Ray.

HB 558 HOUSE BILL NO. 558 (Programs of Rural Development Agency)
-- assigned to Mr. Haugen.

HB 505 HOUSE BILL NO. 505 (Establishing Village Safe Water Act)
-- assigned to Mr. Ray.

HB 611 HOUSE BILL NO. 611 (Comprehensive health planning) --
assigned to Mr. Haugen.

HB 518 Mr. Ray moved and asked unanimous consent that HOUSE BILL
NO. 518 (Relating to limitation upon the issuance of oil
and gas leases in the state) be brought before the
committee for discussion. No objection, so ordered.

He then asked Mr. Sackett what has been done on this, and Mr. Sackett said that Tom Kelly has agreed to come before the committee, but so far nothing has been done on it.

HB 88

Mr. Haugen referred to HOUSE BILL NO. 88 (Relating to the rules and regulations to be issued by the Department of Health and Welfare), and said this would give the Director of the Division of Environmental Health, Mr. James Anderegg, power to develop regulations for control of solid wastes and the COMMITTEE SUBSTITUTE expanded it to include agriculture and other things. It is a lousy bill, he said, and would rather send it out of committee - it has no financial implications attached to it. It authorizes them to develop regulations. Mr. Haugen referred to their fiscal note which reads, "There are no additional funds required within the Department of Health and Welfare to implement this legislation. HOUSE BILL NO. 88 is for the purpose of empowering the commissioner with authority to regulate and to set standards concerning the handling of solid wastes."

Mr. Haugen moved and asked unanimous consent that HOUSE BILL NO. 88 be reported out of committee with personal recommendations. On vote by the committee, HOUSE BILL NO. 88 was reported out with the following recommendations:

DO PASS: Messrs. Ray, Hohman, Croft, Bradner,
Haugen and Sackett.

NO RECOMMENDATION: Mr. Borer.

[Due to a cost factor they were not aware of at the time,

however, HOUSE BILL NO. 88 was held in the file].

Mr. Ray asked the committee members to exert as much effort as they can on HOUSE BILL NO. 251 because he would like to move that bill out of committee in some manner, and also HOUSE BILL NO. 518.

Recess: Meeting recessed 10:00 a.m.

HOUSE FINANCE COMMITTEE
Monday, February 23, 1970
1:30 p.m.

Present: All members were present. Also present were members of the Board of Regents of the University of Alaska [Mr. William O'Neill, Mrs. Edith Bullock, Mrs. Dorothy A. Wrede, Mr. A. D. Robertson, Mr. Brian J. Brundin, Dr. Hugh B. Fate] as well as other University officials [Dr. Wood, College President, Mr. Donald Theophilis, Dr. Arthur Buzwell, Mr. Harold Byrd, Dr. L. Haynes, Mr. Robert E. McFarland, Dr. Ray, Mr. Holden] and Mr. Harry Lackey, consulting architect. Interested legislators and members of the press and general public were present, too.

Chairman Ray called the meeting to order at 1:30. He explained that the reason for not having a joint session with the Senate Finance Committee was that in the past they have found with so many people asking questions the members of the House Finance Committee did not always have the opportunity to question the witnesses.

Mr. Ray then introduced Mr. O'Neill, who in turn introduced the members of the Board of Regents and the other University officials present.

Mr. O'Neill explained that he was first going to give a presentation breaking down the original request made by the University of Alaska, and then would later go into the implications of the budget as presented to the Legislature by the Governor's office.

The following is a near verbatim copy of Mr. O'Neill's testimony. The graphs and charts to which he referred are appended to these minutes.

"It is an honor to appear before you today and present the

1970-71 operating budget request for the University of Alaska. Before we explain the financial details of this year's request, however, we feel it is important to answer briefly two basic questions:

1. What is the function of any university?
2. What are the special functions of the University of Alaska whose far flung operations are to a limited extent indicated on the map before you.

To answer the first question we can use the following accepted statement: "Basically, a university..is an organized institution for the advancement and diffusion of knowledge..in a way that is purposeful, orderly, and efficient."

To answer the second question, we can turn to the goals of our own Board of Regents which are:

- * To instruct youth and adults seeking higher learning.
- * To increase knowledge of value to mankind and particularly to the residents of the State.
- * To serve the people of Alaska as an intellectual, scientific, and cultural resource.
- * To provide and to develop leadership for the people of Alaska.
- * To strive above all to develop in students qualities necessary to be worthy human beings in a democratic society.

Also--before examining this year's request in detail--it is important to see the overall picture of University financing.

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As shown on the graph depicting University resources [see page 535] the State appropriation amounted last year to 42.8% of our complete financial operation. The rest comes from: gifts, grants, and contracts; fees; federal appropriations; overhead cost recovery; and sales and rents.

Now, on Graph 2 [see page 536] is a percentage breakdown of the state's 42.8% appropriation of the University's budget. With these general points in mind, then, we can turn to this year's specific request. As shown on the chart [see page 537] this is \$18,662,000, an increase of \$6,786,000 over the \$11,876,000 spent in 1969-70.

This increase, in turn, can be broken down into five basic areas all of them vitally important to a growing University: [see page 538]

A.	\$1,400,000	for	Salary Adjustments
B.	\$1,300,000	for	Increased Operational Costs
C.	\$ 850,000	for	Costs of occupying and operating new facilities
D.	\$ 932,000	for	New Programs
E.	\$2,304,000	for	Increased Workload and Improvement of Existing Programs

The \$1,400,000 of the requested increase is for salaries and represents the fact that Nationwide inflation plus the impact of oil industry development on our cost of living leaves University personnel at a serious disadvantage. [see page 537] We are concerned with the "people problem" on our campuses, and it stands to reason that without good work from good people,

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it is virtually impossible to have a good university. Therefore a priority this year must be improved wages for all our personnel. On the chart, these factors can be summarized as adjustments to catch up with nationwide inflation, oil industry impact, other university pay scales, local borough schools, and other State employees' raises which the University did not receive in full measure in past years.

The cost of doing business throughout the University is also a matter of great concern. [see page 540] Without meeting inflation in this area, it would be difficult even to keep the doors open. Therefore, \$1,300,000 of our requested increase is needed for increased operational costs. This will:

- * Maintain the Present Service Level in Light of Leaping Inflation.

- * Replace worn out equipment.

- * Provide for management information systems for operations and comprehensive planning.

- * Provide for deferred maintenance--that has been put off too long.

- * Provide for continuation of programs started with outside funds.

The University is proud of its record of physical growth. [see p. 54/] No doubt, some of you joined with us for the recent dedications at Ketchikan, Juneau-Douglas, and Anchorage. Again, however, these new facilities call for an increase in

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operating expenses for utilization, maintenance, security, etc. In 1970-71 this sum will amount to \$850,000 of our requested increase--\$400,000 for the community colleges, and \$450,000 for the main campus.

Physical growth, however, is not the only mark of a major university; new programs must also be added. [see page 542]

This year we are requesting assistance for a television laboratory (approximately \$201,000), law school planning (\$50,000), state-wide public service projects (\$312,000) and the Special Orientation Services program for rural and Native students requested by the legislature and deemed so important by the University itself (\$32,370 and \$82,410 additional now shown on the chart has been requested as a result of the Comprehensive Plan on Special Orientation Services.)

The total requested increase for new programs is \$932,000.

There must also be improvement of existing programs if we are to progress. [see page 543] For 1970-71 this requested increase will represent \$2,304,000--\$724,000 for instruction and library; \$528,000 for reorientation of research toward Alaska problems; \$629,000 for public service including the community colleges, and \$423,000 for general services. Additional charts will further explain these figures.

The \$724,000 improvement figure [see page 544] will include instruction, library and related activities.

The prospects for reorientation of research toward Alaska problems can be broken down as follows [see page 545]: Matching funds for Sea Grant, Geophysics, Marine Science, Arctic Biology

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Social-Economic, Arctic Environmental Engineering, Special Projects.

The \$629,000 figure can be broken down as follows: [see page 546]

South Central Regional Center Expansion	\$215,000
Expanding Extension staff & services	104,000
Enrollment growth in community colleges	240,000
Cooperative Extension service increase	70,000

The \$423,000 figure in general services represents funds for student services, physical plant, and administration. [see page 547]

In closing, I would like to point out that this request amounts to 8.6% of the projected state budget, as compared to 8% of the State budget last year, only a .6% increase.

It is also interesting to note that, as a general trend, the percentage of the State operating budget spent on higher education in Alaska is LESS THAN HALF spent by lower 48 western states including Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, and Washington.

I would also like to point out that Federal Government support and recognition as demonstrated on this Research Graph, [see page 548] shows the University in the sample year 1968, 85th from the top in a list of 2,174 colleges and universities. This places us ahead of Brown University, Rice, Washington State, Georgetown, and Notre Dame, among others.

Writing in the October 17th issue of Science, Luther J. Carter,

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nationally known free lance writer, concludes that "Given... proper financial support by the state government and federal agencies, the State University can be enormously useful in helping to guide Alaska's future."

Clearly, then, we have provided our State with a major University. Clearly, also, not a small step but a giant leap forward is now a requirement for Alaska higher education, due to rapid development at the present time. Against a realistic assessment of the State's requirements and what is expected of the University in trying to meet those requirements, the program proposed in this budget request is not only realistic but vital to the future of Alaska."

Mr. O'Neill then introduced Mr. Lawrence Lackey, who is working on the advanced planning for the University on a statewide basis. Mr. Lackey distributed copies of the work program. He said that this work program describes the program of study the University is embarking on which is the extension of the planning process which has been going on for the last decade. Historically, this had its origin in the presentation in 1968 of a long range plan for the University. The recommendation that was made at that time was that this biannual report should be extended to include all units of the University, and so the study described in the work program addresses itself to the review and examination of the whole matter of higher education not only in Alaska but elsewhere, seeing what mutual influences are interacting and then coming back in an attempt to solve questions for the state itself. The University, he said, does not presume in

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this effort to write the description for the entire segment of higher education. It solicits collaboration and interest of other persons, institutions, business, government, industry, etcetera. The immediate objective of the study is to reissue in September, in accordance with the Regent's decision of every two year updating the long range program, a revised statement that will contain a summary of the first phase study which the work program describes and will include updated plans for the college campus and other units of the University.

Mr. Lackey then referred to the chart opposite page 9 in the work program [chart appended on page 548 a]. He explained that his firm's role in this matter as planning architects is simply that of extending the kind of planning process that they have been engaged in, to indicate what the respective steps are in the work program described, who will be producing what items of work, etcetera. He explained, referring to the chart, that the University is now on time line 1. What has been going on up to now is the formation of the Comprehensive Planning Committee designated by Dr. Wood, which is that committee which will steer the work. They have been engaged in formulating task groups to assist them and to represent the widest possible segment of people.

Mr. Lackey continued, stating that the next step will be the projection of certain policy hypotheses concerning the role of higher education in Alaska in terms of alternatives as to what the program should constitute and then relate it/^{to} projected enrollment populations. Then, based on this, a statement of objectives & needs will be made.

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The next segment of the program will be an attempt to devise specific programs to answer those needs.

The next segment of the program will be to organize broadly and/or modify to accomplish those programs that have been defined.

At that point they would begin to generate profiles or general statements on broad aspects of the program.

The work will continue in similar fashion, each step building on the last, until a Campus Development Plan has been developed, approved, reviewed, and published.

Mr. Haugen asked what the figure associated with this planning and development is. Dr. Wood said that \$20,000 to \$25,000 is what they have been spending for planning and development. This will cost a little more, around \$40,000, he said. It is part of the budget.

Mr. O'Neill said he would now continue with the budget presentation. He said that the budget sent down from the Governor's Office has cut back the figure from the requested budget by \$2,500,000. This brings the University increase in 1970-71 to approximately \$4,000,000. Of that \$4,000,000, he said, \$1,400,000 must go for salary adjustments so that the University employees can catch up with other institutions. Mr. Ray said possibly in the non-academic employees were taken out from under the University system and put under the regular merit system, this might give the University a hand in dealing with

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the problem of inequality of salaries and benefits. Then everytime state employees receive an adjustment, it would be automatic that the University employees would, also. Mr. O'Neill said that the largest part of their problem is in faculty and faculty staff and not just the employees. Mr. Ray asked if that meant that there would be no problem with taking non-academic employees out of the University system and putting them in the merit system. Mr. O'Neill said that there would be problems. Dr. Wood said that the University does not follow the same calendar year as the state, that the University does not close down for federal holidays, that the academic year and calendar year are very different. He said he has lived through both systems, the one with University employees under the regular classification system and the other with them in separate systems and he believes that the/^{separate}systems is a far better one. He does not feel that the change would be a desirable one for the state. Mr. Ray said that he of course respects Dr. Wood's opinion, but that it is his feeling all state employees should have the same rights, duties and privileges. Dr. Wood said he, too, feels they should be equal.

Speaking of faculty salaries, Mr. O'Neill said that there are members of the faculty at the University who are receiving smaller amounts of money than some of the borough school faculty. Mr. Ray asked if the professors he was referring to were associate and assistant professors and Mr. O'Neill said yes, it did involve those.

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Mr. O'Neill said that there is \$1,300,000 for increased operational and business costs in light of inflation and the oil industry impact, \$850,000 to be spent for the cost of operating & maintaining buildings which have just been opened. The committee's cut, however, does not allow for full expenditure of these amounts. The committee [he is speaking here of the Budget Review Committee] cut also means there are no funds for an increased workload and improvement of existing programs, which includes: Educational TV [this is partially funded], law school planning, Upward Bound, new programs in adult and vocational education, new programs in fisheries technology, Kodiak Marine and Sea Food programs, Petersburg Community College, Wrangell Community College, Northwest Community College program at Nome, Fourth Class city extension programs, Bethel district cooperative extension, fur specialist cooperative extension, aboretum.

Mr. Sackett asked who decided that these specific areas would be cut. Mr. O'Neill said that in the process of setting up priorities it is necessary to review the whole situation and said it is better to improve ongoing programs than to start new programs. Mr. Sackett asked if there is a list of the new programs included in this year's budget. Mrs. Bullock said that there is \$180,000 for new programs, and about \$130,000 is for Educational TV, \$20,000 for the Red Meat Program, and \$30,000 is for Special Orientation Services [SOS]. The rest of the programs mentioned are eliminated. A budget request breakdown was passed out to the committee members.

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Mr. Sackett, after asking some further questions, made the point then that actually the new programs were not necessarily cut by the Governor, but will be cut by the Board of Regents. Mr. O'Neill said that the board would have to go back and review the exact situation based on the amount of money which they receive from the legislature. The staff and the Board get together and work up the working budget. Recommendations are made to the Board of Regents who then approves or disapproves them. He said he could not really say what would happen. Dr. Wood said that in the Governor's message he clearly indicated that of the new programs proposed there were three areas for which he requested support - the Red Meat program, Educational TV and SOS. Mr. Ray asked if those 3 new programs could be funded by a readjustment of Priorities E and A [salary adjustments and increased workload and improvement of existing programs]. Dr. Wood said that they would simply make a selection from the new programs that they could start - some might be started at midterm - and said they would have to cut back on the improved programs at upper division and graduate levels. Mr. Ray said they would also have to cut back on the salary adjustments, and he observed that it comes down to a question of whether the University is going to decide to start these programs or increase salaries and research. Mr. Borer called attention to Priority E, item B, which reads "reorientation of research toward Alaska problems." He asked what the research has been oriented toward in the past. Dr.

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Ray said that the history of funding of research at the University over the past 10 years shows a very small percentage of state funding, with most of the money being federal funds. Therefore most of the research has been for problems considered to be of federal significance. For this reason a great deal of the research work at the University, although it has had relevance to Alaska, has not been specifically concerned with Alaskan problems. He said that they believe now the situation is such, because of the drastic changes going on in Alaska, that there is a need to take a larger cut of state funding so it can be averted to major problems facing the state. As an example of the kind of research needed, Dr. Ray said that there is difficulty even finding enough information on the North Slope to be able to speak authoritatively on the pipeline. Heretofore most of the research funds have come from the federal government and so requirements were placed on how it could be used.

Mr. Borer indicated that he feared the University had been carrying on some of this research just to get federal money and not with a concern for benefits to the state.

Mr. Borer asked where the figures are on how much the cost for "management information systems for operations and comprehensive planning" and also for "deferred maintenance that can be put off no longer" is [these are items under Priority B].

Mr. Byrd said that there is \$34,000 for management information systems. This has to do primarily with increasing the program of service with respect to use of the computer for those systems.

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Mr. Borer asked what portion of the \$1,300,000 for increased operational costs is to "maintain present service level in light of leaping inflation." Mr. Byrd said it is around 10% of the total non-salary expenses that they have - something like \$800,000. That figure could a little off either way, he said, because they are uncertain of the net effect of inflation.

Mr. Borer then asked about "replacement of worn out equipment" which is also part of Increased Operational Costs, but Mr. Byrd was unable to give him that figure.

Mr. O'Neill explained that this presentation was just meant to be a summary, and that they had expected any detailed work would be done with the subcommittee. He said they would provide these figures, they just weren't with them at the present time.

The subject then moved to Housing. Mr. O'Neill said that for several years the Board of Regents has taken the attitude that housing for faculty and married students should be provided by private enterprise off University grounds. For a while they were fairly successful and things were moving along smoothly. They have tried for some time to get some interest in married students quarters such as a dormitory-apartment type of building, and Dr. Wood and his staff have had many discussions with interested people, but nothing has materialized. Now with the oil boom they are in dire straits. At the present time there is a request in to the Legislature, or at least in the Governor's Office, to provide married students housing off campus. At

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the present time to alleviate the faculty housing problem there are negotiations underway with a major oil company who will provide equity money up to \$500,000 and credit money up to \$2,100,000 to provide 110 faculty houses on the on the Chena Ridge. They hope this will be finalized in the next few weeks. The question of the married students is still up in the air. All the University knows is that the Associated Students presented a request and the Board of Regents approved it and went ahead and contacted the Governor's Office about a bill providing for married students' housing.

This entire housing matter is not mentioned in the budget.

Mr. Ray asked under the new programs, organized research, what the explanation is of the \$75,000 priority item for a Seward facility. He requested Dr. Ray to give a rundown as to what the level of research is going to be.

Dr. Ray said that in the University program, Marine Science has been rapidly growing and will continue to grow. He said that in 7 years they have moved into a \$2,000,000 program. The first shore facility was on Douglas Island which the University got under extremely favorable conditions from the City of Douglas. The program there has been going on for six or seven years. As the program grows, he said, the University is becoming more and more aware that there is no way the entire coastline of Alaska can be served by one area, and although the Douglas facility is ideal for Southeastern Alaska, logistically it has become impossible to use the/^{research}information solely from that facility for work elsewhere in the state, for instance on

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the Aleutian Chain or Kodiak, or more specifically at this time in the Prince William Sound area where there has been much interest lately. He said that there has been much pressure from communities for siting new facilities, but he said that there is no intention of halting activities at the Douglas station. In the meantime they have been offered in Seward and have taken over at least temporarily a docking facility and a warehouse of comparable size in area to the Douglas facility. The \$75,000 is not to set out any major research but is to fit out the warehouse, heat it, and use it as the base of operation for the ship. Long term programs and activities in Seward will build at the same approximate level as Douglas. He said that it is expected that the Bureau of Commercial Fisheries will have an installation in Kodiak in the next five or six years, and said that he expects and looks forward to the entire coastline of the state being covered by such facilities eventually.

Mr. Ray asked how many people are presently working in the Douglas facility, and Dr. Ray said around 12. Dr. Ray said, in response to Mr. Ray's questioning about the staff at the Douglas facility, that the research operation is fairly mobile, but that there is a vigorous research program going on at the facility. He said that Dr. Nayadu who work on the geology of glaciers, sedimentation and such, will certainly not be moved as this is the ideal location for him. Mr. Ray asked if Dr. Nayadu doesn't work under a federal grant and Dr. Ray said that that is correct.

Mr. Ray said that Dr. Ray was giving him the idea that all

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these research plans are revolving around this wonderful idea of what is going to happen with the Kodiak facility and all in 1975. He said if he remembers right the University when talking about community colleges went to great pains and some people in Juneau went to a lot of work because the University said that they would like to take advantage of the present federal facility at Auke Bay, so an exchange of lands was made and Mr. Ray said he had hoped they would increase facilities in this area, especially in relation to Forest Service and fish and wildlife. Now, he said, it appears the University has been going downhill and is preparing to dissemble the activities in hopes of some day locating in Kodiak if they get a Fish and Wildlife station up there. HE said there is one now in Juneau, and he feels it should be taken advantage of.

Dr. Ray said that a new laboratory and specialized facilities are planned for Auke Bay, also, in 1975. He said that there appears to him to be a need to spread out the activities of Marine Science further and further around the coastline. There is an obligation to areas other than Southeastern Alaska. Mr. Ray said that he agreed, but said he felt with the establishment of pulp mills and possibly large mining operations in Southeastern and with the great interest being shown in ecology that there would be great estuary studies going on and increased activity. Dr. Ray said that two small ships will be remaining in Douglas. Mr. Ray asked if there were any truth to the statement that people at the Douglas station were being told to get ready to move. Dr. Ray said that a couple people have been alerted, perhaps, as the Marine Lieutenant would be moved with the larger ship, and a couple of his crewmen would probably move their

families to the Seward area. In response to further comment by Mr. Ray, Dr. Ray said that if they can increase the budget they will be able to increase the programs everywhere. He said that he felt eventually a multi-million dollar research program in Marine Science would be warranted in Alaska.

Mr. Haugen indicated that he felt there was a contradiction between the statement that the University is going to cut back new programs in favor of improvement of old programs, and the fact that they are starting this new facility in Seward.

Mr. O'Neill said that the marine docking facility in Seward is one of the items they will be cutting out if they don't get the requested funds.

Mr. Borer said that when some people from Atlantic Richfield were in Cordova in December they said they had given the University of Alaska a substantial grant, but they did not know what the amount was. This grant had to do with research on a terminal facility and its effect on Prince William Sound.

Mr. Borer asked if such a grant has been made. Dr. Ray said yes, and that so far the study has just been on Valdez Arm.

Mr. Borer asked how much the grant was for, and Dr. Ray said he thinks so far \$120,000 has been given but that he was unsure of that and would not want to be held to that figure.

Mr. Borer asked if a copy of the agreement between the University and Atlantic Richfield would be available, and Dr. Ray said yes and agreed to furnish Mr. Borer with the same.

Meeting recessed at 2:30 for 10 minutes.

Rec-68:

After Recess
2:45 p.m.

Capital
Improvements

of
Mr. Holden gave the presentation/the University of
Alaska capital improvements. The following is the text
from which he spoke.

"Capital Improvements requests submitted by the University
of Alaska to the Governor's Office for consideration during
the current Legislative session fall into 3 categories
of funding.

1. Requests for funding by direct appropriation for those projects considered by the University to be immediately required
2. A request for authorization to seek private funding for a museum facility
3. Requests for funding by General Obligation bond issue those projects necessary to carry out University of Alaska programs throughout the State; projects to support existing facilities; and projects to accommodate rapidly expanding segments of the University system, particularly in the Community Colleges and in the Anchorage area.

First, the requests for Direct Appropriation [see page 549]
University requests for funding by direct appropriation
which were recommended by the Governor include - the
upgrading of the sewer system at the Juneau-Douglas
Community College - which is Priority #2.

- Remodelling of the Patty building on the College
Campus to provide adequate storage facilities and relieve
heavy loads on some physical education facilities -
Priority #3.

- and installation of a food service facility at the
Anchorage Community College in an existing building -

Priority # 5.

Not recommended by the Governor were 2 projects:

- the remodelling of the Bunnell Buildings which was partly vacated with the opening of the new Library in September 1969 - Priority #1.

- and the rehabilitation and furnishing of the Chapman Building which will be vacated by the Geophysical Institute in April 1970 - Priority #4.

The Remodelling of Bunnell was considered Priority #1 because of the early completion of the new library facility, causing the old library portion of the Bunnell Building to become vacant one year before the completion date written into the new Library construction contract. The space, approximately 14,000 square feet is presently being occupied by temporary users pending remodelling, which will provide approximately 18,000 square feet at a project cost of about \$33 per square foot, or 3/5 the cost of new construction.

The refurbishing of the Chapman Building was considered also as a priority item because of the early completion of the new Geophysical Institute building.

Next - the request for authorization to enable the University to seek private funds for a museum facility.

[see page 550]

Earlier, consultants' advice indicated that a realistic ceiling of 4 million dollars would be the maximum amount

probably raised.

It now appears that funds exceeding that amount may be raised by private subscription and therefore we request that this authorization be granted without a ceiling being placed on the funding.

The facility will be used for instruction, public service, including the mounting of travelling displays, and research into the various aspects of Alaska's history. The University has one of the finest collections in North America, which is now housed in boxes, crates, in odd corners where space is available while the public collection is displayed in a hazardous old building with totally inadequate facilities for the storage and display of the material now in the University's possession.

[see page 551]

Of the Capital Improvements requests submitted for consideration for funding by General Obligation Bond Issue, the Governor recommended the following:

- the Anchorage Higher Education Library and Instructional Materials Center - Priority #2.
- a Health and Safety building to house an infirmary, the Fire Department and Emergency Control Center and the Security Office on the College Campus - Priority #4.
- new community colleges at Kenai and Palmer - Priorities #5 and #6.
- expansion of the University of Alaska.

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- expansion of the Community Colleges at Juneau-Douglas and at Ketchikan - Priorities # 8 and 9

- a portion of the request for farm improvements under the Agricultural Experiment Station (\$300,000 being deleted by the Governor for improvements at Palmer) - Priority #10.

- and modernizing of water distribution and other utilities at College as recommended by Kennedy Engineers, the University's utilities consultants, the State Fire Marshal and the Pacific Fire Rating Bureau - Priority #11.

Also recommended by the Governor but not requested by the University for consideration until FY 1972 were an addition to the Biological Sciences Building at College and a new dormitory-dining complex for a total of \$7,500,000.

It had been anticipated by the University that these projects would require funding in FY 1973 but approval had been requested for FY 1972 to enable the University to seek Federal support.

Of the \$33,600,000 requested for FY 1971, the Governor has recommended \$17,800,000 and his total recommendation including the above mentioned BioScience addition and dormitory facilities adds up to \$25,300,000.

Projects not recommended by the Governor [see pages 5-12] include roads, streets and parking facilities at College which was priority # 1 of the GO Bond issue.

- a Mineral-Marine Resources facility which had originally been requested at \$7,500,000 which was revised upward to \$12,200,000 - Priority #3

- and a warehouse at College - Priority #12.

The University requests that Project #71-07 "Roads, Streets and Parking Facilities" be recommended for General Obligation Bond issue and that the 7.5 million recommended for the Bio-Science Addition and Dormitory Dining facilities be recommended for a Mineral-Marine Resources facility.

First, a brief examination of the University's Priority # 1 - "Roads, Streets and Parking" [see page]

The Long Range Development Plans for the College campus published in 1964 and 1968 provided for the development of the lower academic core area. The Long Range Development Plans established building sites and circulation patterns to be developed as the Campus grows. The LRDP provided sites for the Campus Activities Center (approved by the legislature in 1969) and the general classroom and office building, funded by the voters in 1968. To accommodate these projects and to provide for the circulation outlined in the LRDP the University requested the Governor to recommend the Roads, Streets and Parking project, which he did not do.

[see page 55-3] Here we see the effect on campus circulation imposed by the construction of the above

mentioned projects. All inner campus circulation has been eliminated, as envisioned in the Long Range Development Plan and further circulation must be developed to the east, south and west of the academic core. If this development does not take place then the campus faces an almost impossible situation. The only access to the remaining roads will be by an unpaved road extremely susceptible to erosion and run-off on the east of the Fine Arts facility and another on the West Ridge in similar condition. Loss of efficiency and difficulty of access for visitors, employees, students which already exists will be greatly aggravated. Emergency circulation, already critical, will become almost impossible.

The State Fire Marshal has repeatedly criticized the lack of adequate circulation due to an insufficient road system and inadequate parking facilities.

The Capital Improvements request then includes the provision of circulation as outlined in the LRDP. Also included is a request to provide minimal adequate parking facilities, both to upgrade existing parking and to replace and expand parking areas lost by previously funded projects. Included is a new parking facility east of the Fine Arts facility, either on the low lying area towards Farmers Loop Road (Alternate A) or a tiered parking facility on the slope below the Fine Arts facility. Investigation as to the relative cost per car stall will be required by alternates A and B.

The campus had 1964 registered parking permit holders in Fall 1969. Standards established nationwide indicate that parking should be provided for 91% of parking users in a typical University situation. University of Alaska experiences confirm this figure. The campus presently contains 620 spaces (including residential spaces) fewer than the recommended average. 200 of these spaces will be lost on March 1, 1970 because of new construction. The deficiency will then total 800 spaces. It is projected that the number of parking users will rise from 1964 in Fall 1969 to 2,600 in 1972. This will require 600 further spaces (450 with electric outlets and 150 without). The total deficiency will then reach 1400 spaces. The campus urgently needs relief from the parking crisis.

The proposal would also pave parking lots south of the Bunnell Building, south of the Patty Building and east of the Fine Arts facility.

This paving is partly to provide more efficient parking facilities but mostly to reduce maintenance costs in existing buildings. The janitorial cost in Bunnell Building for instance is \$1.15 per square foot per year. This figure is steadily increasing and the number of janitors per square foot is steadily increasing, largely because of the failing of mechanical systems through dust inhalation and the transmitting of this dust into rooms served by mechanical systems. The University engineer for Construction Maintenance and

Operations estimates that the square foot cost will be reduced by 18 cents per year in the Bunnell and other campus buildings. When it is realized that the academic core will contain 754,400 square feet in September 1971. A saving in excess of \$135,000 per annum will result from paving traffic areas. Lack of paving will result only in further deterioration of building systems and rising janitorial and maintenance costs."

Mr. O'Neill wanted to emphasize just a couple points about the Capital Improvements. One was about the \$2,400,000 for Roads, Streets and Parking, which he said the University desperately needs. The other was that the \$7,500,000 earmarked for the Biological Science building and dormitory-dining facility they would prefer having earmarked for phase one of their Marine-Mineral facility. The Bio-Science building and dormitory-dining facility authorizations are not really needed until 1972.

Mr. Sackett why these were the two the Governor had included, and Mr. O'Neill said that he had no idea. Mr. Ray asked how the Department of Mines is working out. Dr. Wood said that WICHE has just completed a study on enrollment problems in mineral engineering fields in six states in the west who have mineral engineering programs. He said that there are five

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portions to mineral engineering: Ceramic, Petroleum, Geological, Metallurgical and Mining Engineering. None of the schools have all of these programs, and none of the schools have sufficient enrollment at this time to really justify continuation of their mineral engineering work with the possible exception of geological engineering in Alaska and Arizona. The states have agreed to go out on a joint recruitment program to try to alleviate this situation. The University has agreed to attempt to pull up enrollment in mineral engineering fields by a waiver of out of state tuition on an exchange student basis. For example, Alaska has two of the programs, Wyoming only has Petroleum, Arizona has Ceramic and Geological and Metallurgical. In addition to allowing exchange students on an in-state tuition basis, they are all going to undertake a common recruiting program, trying to interest young people and encouraging them to go to one of the states offering their special field of interest if their own state does not. In addition, the University has agreed to undertake major effort to raise scholarships, grants from industry and private gifts from individuals so that more good high school graduates will be attracted. If this program is not successful, Dr. Wood said, then the various

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states will have to come back to their respective legislatures and recommend that the programs be dropped. He explained, in response to Mr. Ray's comments, that the reason they are working so hard on this instead of just dropping it now is the real need in this field and its importance to Alaska's development.

Mr. Hohman said that he understands there are certain design deficiencies associated with the new library building, and he wondered about the cost involved, and whether or not the University was going to bring suit. Mr. O'Neill said that he thinks the figure that was mentioned was over 1/2 million dollars, and said the University has already filed suit. Mr. Bradner asked if the suit was against anyone besides the architect, and Mr. O'Neill said not to his knowledge. Mr. Haugen asked how far along the University is in setting up the School of Law. Mr. O'Neill said that there is \$50,000 in their budget request for preliminaries. Dr. Wood said that that is just for one person to come up with the program from the standpoint of the legal profession itself. He explained that about 4 years ago a seminar of bar and bench officials was held, and a statement/^{was}made by them that setting up a law school was a desirable development for Alaska. The University has submitted the next step now which

is to get the formal planning done by someone qualified as a law educator and this is what they have proposed in the budget. He said that this would be the first of the professional level graduate schools in the state of Alaska. He said he thinks it is essential to the development of the state, and said that right now it is a very timely development. It is needed not only for Alaska students but also to attract students from outside the state.

Mr. Haugen asked what the proposed cost of this would be. Dr. Wood said that the basic cost of the School of Law would be for the law library. Then there would be the cost of instructors, about 7 full time positions and a dean by the end of three years, three secretaries, and two librarians, so they are talking in terms of about 10 full time persons to operate at a professional level and probably half that many clerical people at the end of 3 years. Dr. Wood estimated roughly \$40,000 per professional person, including clerical and secretarial supplies, equipment, etc. He said that for the first year of operation the cost would be around \$150,000 to \$175,000, he imagined, and that this would go up for each of the next two years at a rate of about \$100,000 per year. Therefore by the end of the three years the cost would probably be about \$350,000 per year. This would be adequate for approximately 100 students altogether in three years, or maybe 35 a

year. The first graduating class would probably be only about 12 to 15, and would hopefully increase to 20 to 25. He said that counting the library the cost would be close to 1/2 million dollars for the three years.

Mr. Haugen expressed considerable concern about two items. One is the ^{fact} location of the pulp mill in Berners Bay, with the suit filed to hold back construction of this big facility, and this in turn ties in with the Douglas facility. He felt that some of the questions that might be raised by this facility should be strongly borne in mind.

He also expressed concern with Alaska fishermen having to compete with foreign fishing, and expressed the feeling that these community college courses on fishing technology are really not too relevant to the real problems in many respects. He said that the fishermen know about the resources and such but can't seem to get the ideas to the proper agencies. He felt that an inventory of resources should be made.

Mr. Bradner mentioned that last year they had mentioned the lousy retention of ongoing students at the University and the even poorer retention of the Native students at the University. He asked what is in the budget to help these problems. Mr. O'Neill said that the SOS program is to help alleviate the situation with the Native students. He said, of course, the improvement of programs is what helps ongoing students to stay. Often students drop out because the University does not have the curriculum or adequate numbers of

teachers. For example, after a year a student may have had classes in Psychology from the only two Psychology professors there. However good these professors may be, there is a need for more diversity, different opinions and educators. Also, students have been lost because of the advising program. They are looking into this problem.

Mr. Bradner asked about the percentage of faculty turnover. Mr. O'Neill said that year before last the turnover system wide was 14%. It was 18% last year. He said that he had more figures but that Senator Miller had his only copy, but he agreed to get these for the committee. He felt one of the reasons for the turnover was housing difficulty.

In answer to further questions, Mr. O'Neill expressed the feeling that perhaps by next year the credit load in Anchorage will be greater than that in Fairbanks.

Mr. Ray asked about the disparity between fall and spring enrollments according to the University's figures in the Juneau Community College. Dr. Wood said that that was an error.

Mr. Byrd said, in response to questioning, that a supplemental request for the television program was made after the original request made in the budget in October.

After further discussion on various figures and percentages in the University's budget appropriation request publication, an explanation of discrepancies between last year's and this year's enrollment figures was made. Dr. Theophelis said that last year Legislative Audit went over the University's books and determined that the University's method of determining enrollment was not **entirely** in keeping with the rules. However, in addition to that the Legislative Audit found some discrepancies because they were defining students differently than the U. S. Office of Education does.

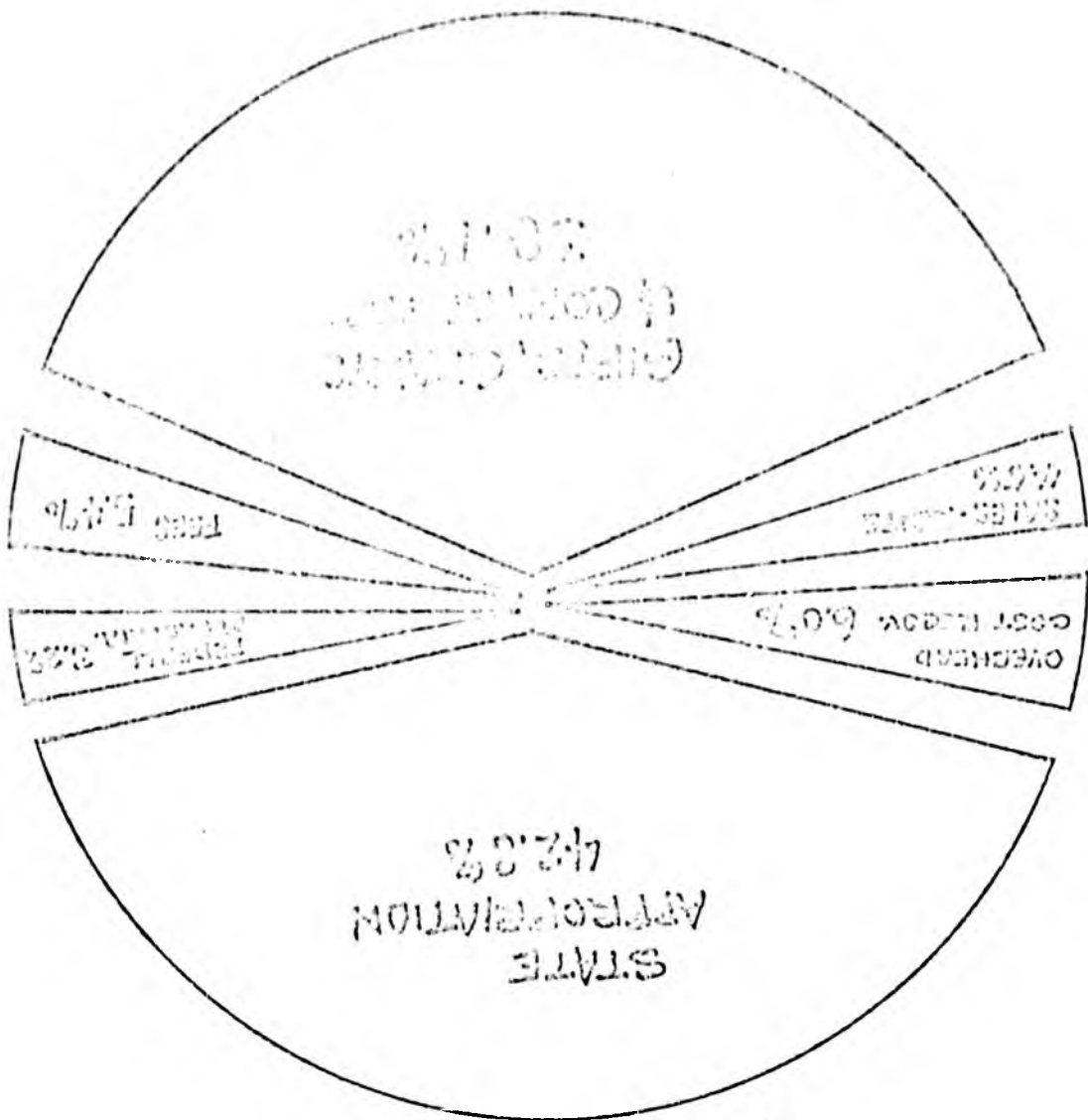
Adjourned:

Meeting adjourned at 3:45 p.m.

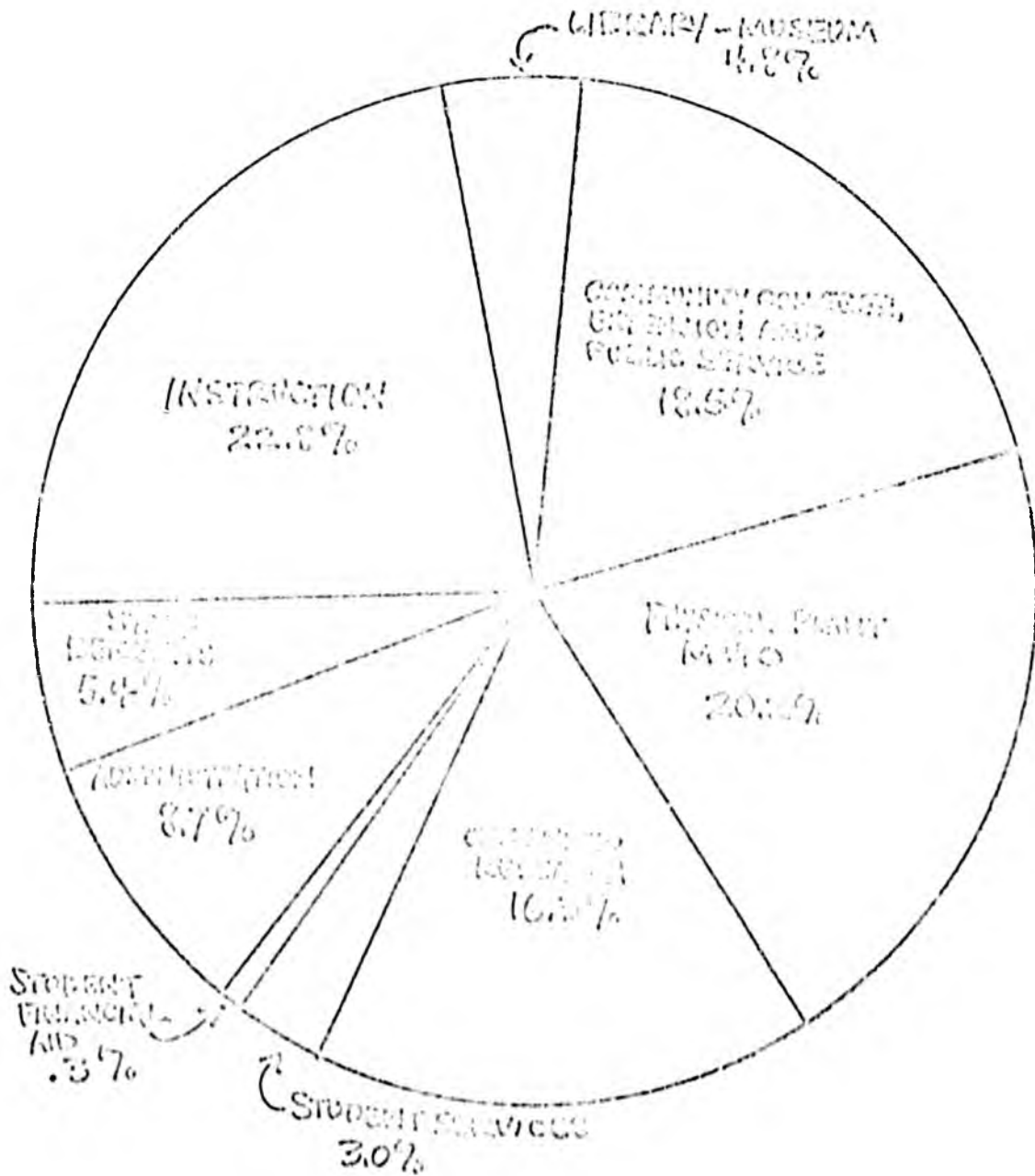
534

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UNIVERSITY OF ALABAMA
 1968-1969
 PERCENTAGES



THIS IS THE PERCENTAGE BREAKDOWN OF THE STATE'S 42.8% APPROPRIATION OF THE UNIVERSITY'S BUDGET



GRAPH 2.

UNIVERSITY OF ALASKA

OPERATING BUDGET REQUEST 1970-71

18,662,200

-11,876,000 1970-71 BUDGET

6,786,200 REQUESTED INCREASE

CHART 1

6,786,000 REQUESTED INCREASE

A. 1,400,000 SALARY ADJUSTMENTS

B. 1,500,000 INCREASED OPERATIONAL COSTS

C. 850,000 COSTS FOR OCCUPYING AND EQUIPPING NEW FACILITIES

D. 950,000 NEW PLANTING

E. 2,136,000 INCREASED WORK LOAD COSTS
INCREASED MAINTENANCE OF EXISTING FACILITIES

CHART 12

535

A. \$1,400,000

SALARY ADJUSTMENT
TO CATCH UP WITH...

- * NATIONWIDE INFLATION
- * CILIBERTY DISTRICT
- * CIVIL SERVICE PAY SCALE
- * LOCAL COLLECTIVE AGREEMENTS
- * OTHER STATE EMPLOYEES

CHART 3

539

B. \$1,300,000

INCREASED OPERATIONAL
COSTS

- * MAINTAIN PRESENT SERVICE LEVEL IN LIGHT OF LEADING INFLATION
- * REPLACEMENT OF WORN OUT EQUIPMENT
- * MAINTENANCE AND REPAIRS SYSTEMS AND EQUIPMENT
- * DEFERRED MAINTENANCE THROUGHOUT THE CITY NO LONGER
- * CONTINUATION OF PROGRAMS STARTED WITH OUTSIDE FUNDS

540

CHART 4.

C. \$850,000

COSTS FOR OCCUPANCY,
UTILITIES AND OPERATING
NEW FACILITIES

\$1,100,000 CONSTRUCTION

\$450,000 EQUIPMENT

CHART 5

D. 932,000
NEW PROGRAMS

- TELEVISION LABORATORY \$ 201,065
 - LAW SCHOOL PLANNING 50,000
 - STATEMENT PREPARED
SCHEDULE OF
COMMITMENTS AND
RESOURCES 22,000
 - COUNSELING REQUIREMENT 212,100
 - SPECIAL ORIENTATION SERVICES 32,870*
- \$ 932,000

*ADDITIONAL REQUEST SENT TO GOVERNOR

CHIST 6

542

E \$2,304,000

INCREASED DEMAND
AND IMPROVEMENT OF
EXISTING PROGRAMS

(a) \$774,000 INSPECTION AND
LICENSES

(b) 522,000 REPAIRS OF
EQUIPMENT AND
VEHICLES

(c) 608,000 TRAFFIC CONTROL
AND COMMUNITY
SERVICES

(d) 400,000 GENERAL SERVICES

CHART 7

543

INCREASED WORKLOAD AND IMPROVEMENT
OF EXISTING PROGRAMS

(a) \$724,000

MAIN CAMPUS

- * INSTRUCTION
- * LIBRARY
- * BUSINESS ACTIVITIES

CIRCUIT 8

5-14

INCREASED WORKLOAD AND IMPROVEMENT
OF EXISTING PROGRAMS

(b) \$528,000

REORIENTATION OF
RESEARCH TOWARD
ALASKAN PROBLEMS

MATCHING FUNDS FOR SEA GRANT	196,000
GEOPHYSICS	101,000
MARINE SCIENCE	67,000
ARCTIC BIOLOGY	25,000
SOCIAL-ECONOMIC	55,000
ARCTIC ENVIRONMENTAL ENGINEERING	34,000
SPECIAL PROJECTS	54,000

INCREASED WORKLOAD AND IMPROVEMENT
OF EXISTING PROGRAMS

(c) \$629,000

- SOUTH CENTRAL
REGIONAL CENTER
EXTENSION \$215,000
- EXPANDING EXTENSION
STAFF & SERVICES 104,000
- ENROLLMENT GROWTH
IN COMMUNITY COLLEGE 210,000
- COOPERATIVE EXTENSION
SERVICE INCREASE 70,000

CHART 10

546

11 JUN 68

1. 1. 2

* ADMINISTRATION

* GENERAL SERVICES

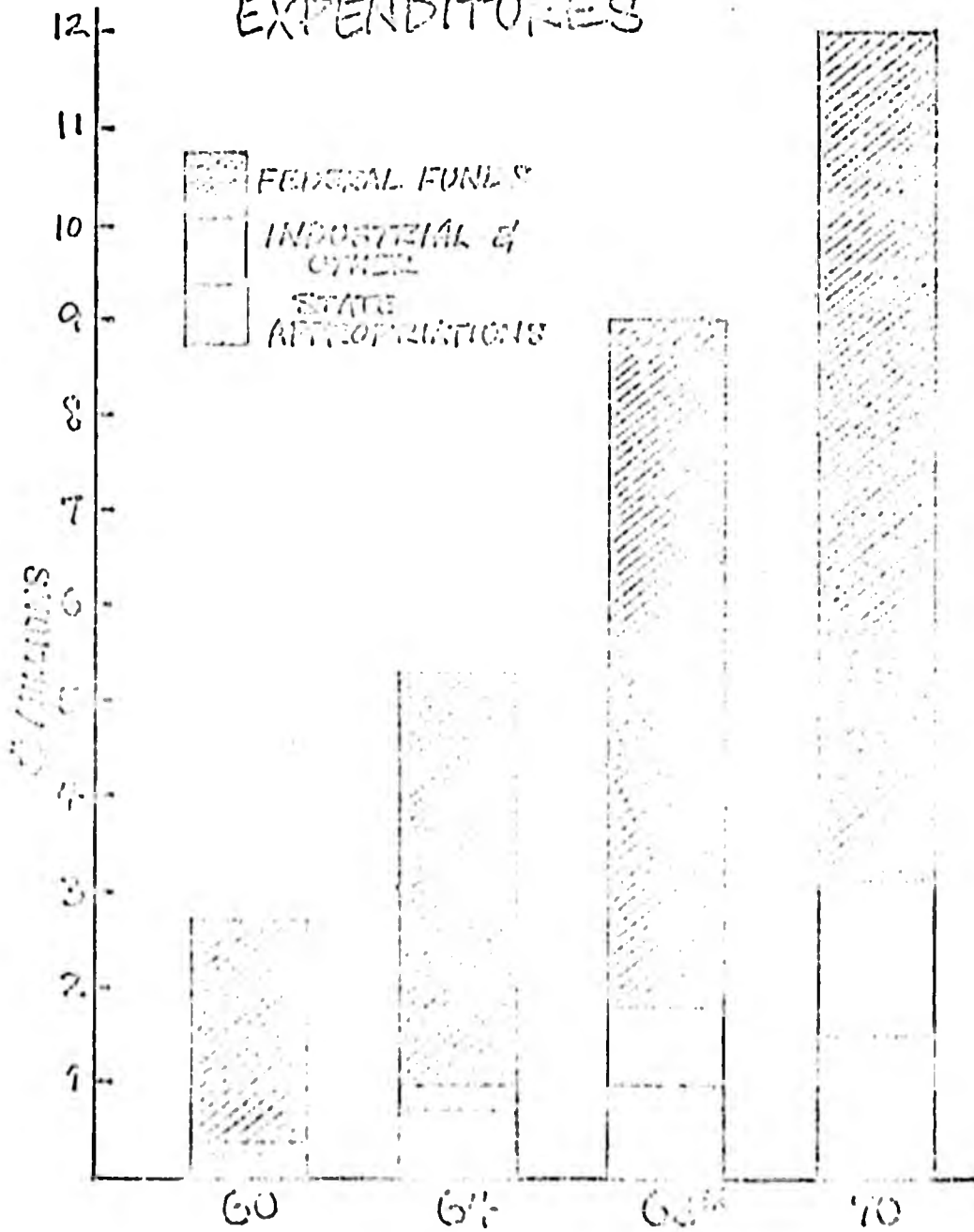
* SUPPLY SERVICES

GENERAL SERVICES

(P) \$423,000

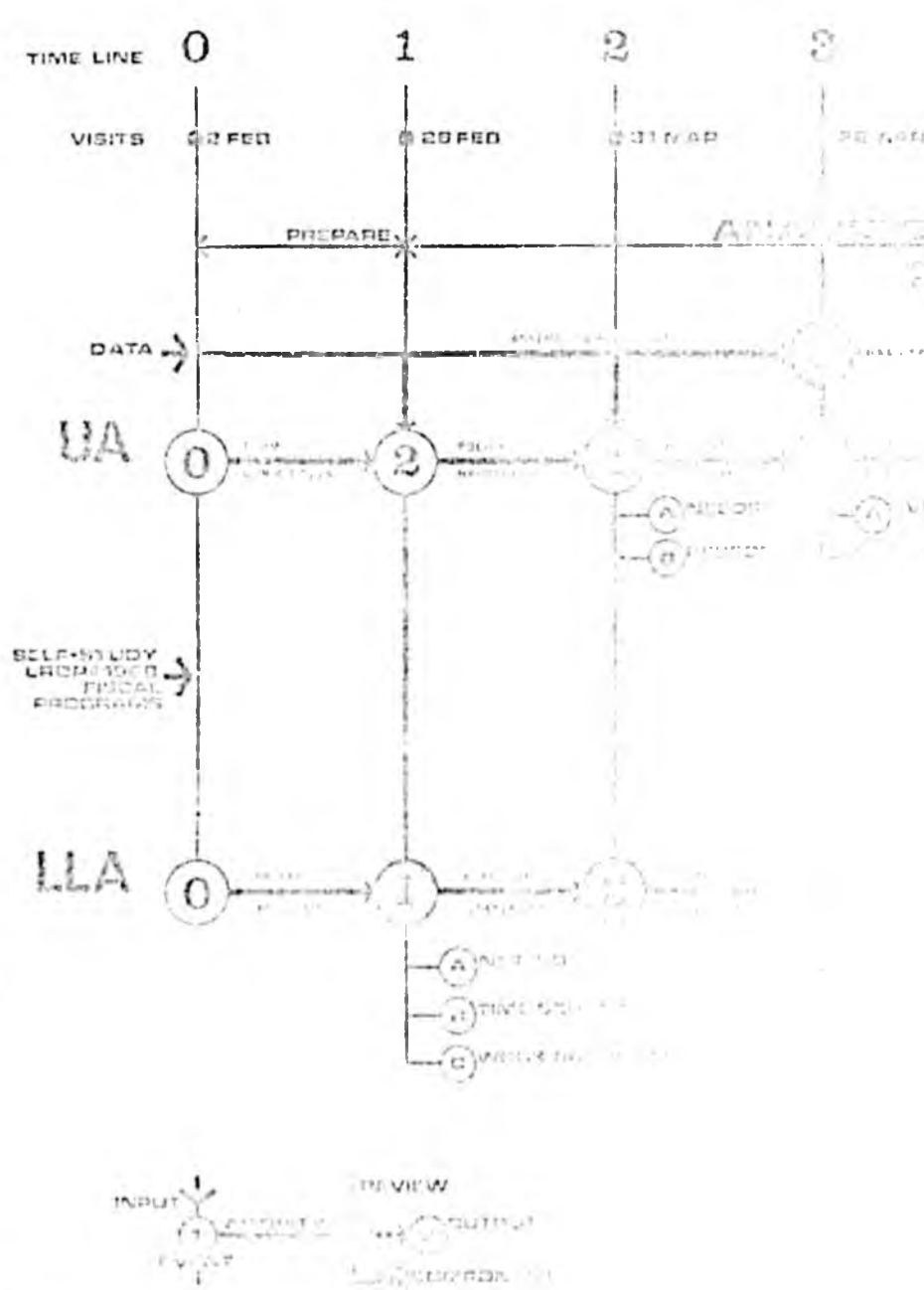
INCREASED WORKLOAD AND IMPROVEMENT
OF EXISTING PROGRAMS

UA TOTAL RESEARCH EXPENDITURES



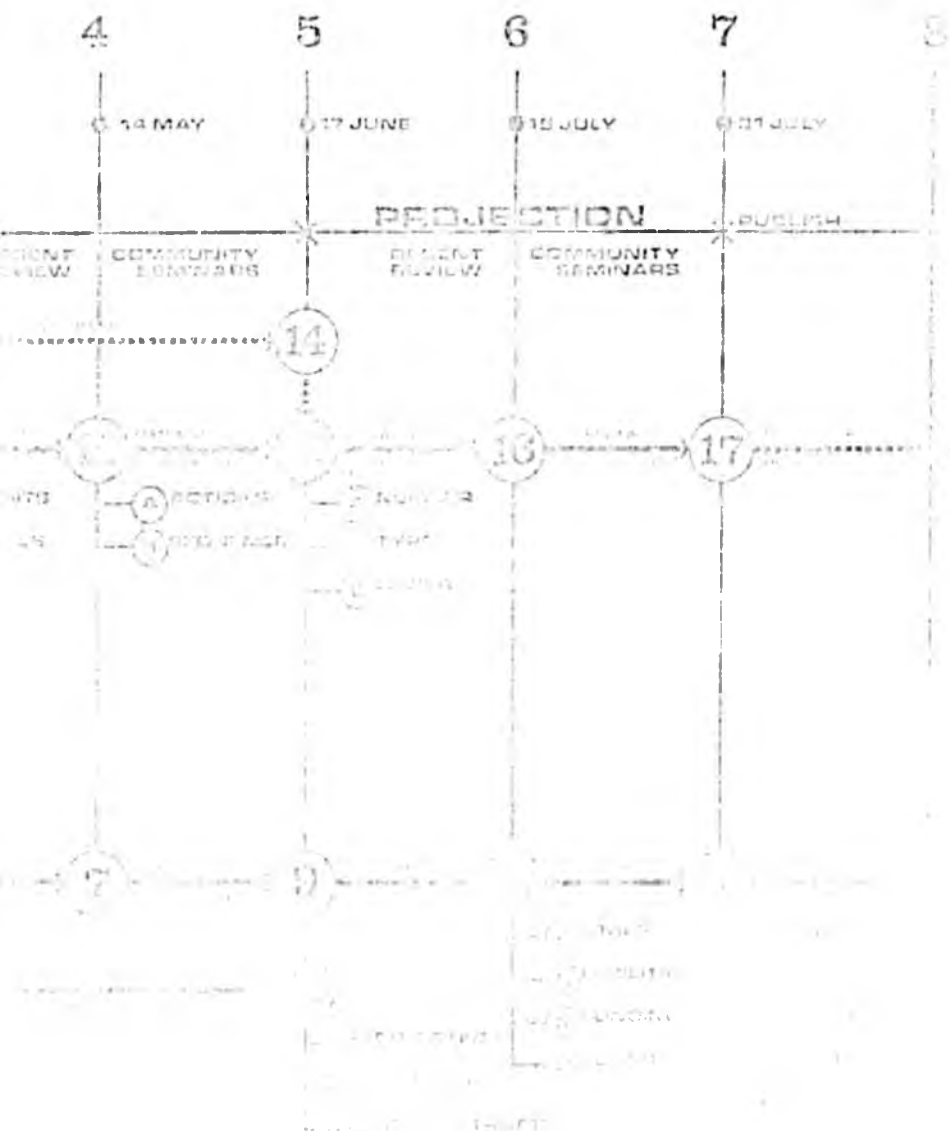
* UA WAS 85% FROM THE TOP
IN FEDERAL SUPPORT AMONG
2,174 INSTITUTIONS
5/4/8

GRAPH 3



THE UNIVERSITY OF CALIFORNIA, BERKELEY

PROJECT PLANNING



PROJECT TITLE: []
 PROJECT NUMBER: []
 PROJECT START DATE: []
 PROJECT END DATE: []



CAPITAL IMPROVEMENTS REQUEST FROM
 DIRECT APPROPRIATION

TOTAL REQUEST \$400,000

AS REQUEST NO. RECOMMENDED BY GOVERNOR

2.	JOURNAL COMM. COLLEGE	75,000
3.	GENERAL CITY BUILDING	100,000
5.	INDU. FOOD SERVICE FACILITY	225,000

TOTAL \$ 500,000

NOT RECOMMENDED BY GOVERNOR

1.	INDUSTRIAL PARK	75,000
4.	GENERAL CITY BUILDING	25,000

TOTAL \$ 100,000

CAPITAL IMPROVEMENTS REQUEST BY 1971
PRIVATE FUNDING

TOTAL REQUEST \$ 4,000,000

MUSEUM \$ 4,000,000

PROJECT NOT RECOMMENDED BY GOVERNOR

NOTE: U of A REQUESTS AUTHORIZATION TO SEEK
PRIVATE FUNDS FOR CONSTRUCTION OF
A MUSEUM FACILITY FOR INSTRUCTION,
PUBLIC SERVICE AND RESEARCH.
U of A REQUESTS THAT A FUNDING
COMING NOT BE PLACED ON THE
REQUEST BECAUSE FUNDS EXCEEDING
\$4,000,000 MAY BE RAISED.

CAPITAL IMPROVEMENTS REQUEST 5/1/71
 GENERAL OBLIGATION BOND ISSUE

TOTAL REQUEST \$38,600,000

UA PRIORITY

RECOMMENDED by GOVERNOR

2.	ADULT INQUIRY EDUCATION PROGRAM	\$ 6,000,000
4.	LEADERS & GARDEN BUILDING	1,800,000
5	LEADERS COMM. COURSES	750,000
6	MAT. SU COMM. COURSES	500,000
7	DNCH. COMM. COURSES	5,500,000
8	JUNIOR-BOUNDS COMM. COURSES	750,000
9	CHRISTIAN COMM. COURSES	750,000
* 10	ROAD IMPROVEMENTS	800,000
11	UNITED METHODIST CH.	1,500,000
	SUB-TOTAL	\$ 17,000,000

NOT REQUESTED BY LE 10/21/71

BUT RECOMMENDED by GOVERNOR

* 13	SCIENCE CENTER	4,000,000
* 14	LEADERS DINING BUILDING	3,500,000
	SUB-TOTAL	7,500,000

TOTAL G.O. BOND ISSUE RECOMMENDED 24,500,000

* REDUCED FROM \$1,150,000

** REQUESTED FOR CONSIDERATION FEB'RY 1972

CAPITAL EXPENDITURES DURING FISCAL YEAR
 GENERAL OBLIGATION BOND ISSUANCE
 TOTAL REQUEST \$ 38,600,000

AS FOLLOWS:

NOT RECOMMENDED BY GOVERNOR


1	BONDS, STATE & COUNTY	2,000,000
3	MUNICIPAL & PORTAL BONDS	12,250,000
12	WARRANTS	819,000
	TOTAL	15,069,000


AS FOLLOWS: THE GOVERNOR HAS RECOMMENDED
 THE A.O. BOND ISSUE OF \$25,000,000


GOVERNOR'S RECOMMENDATION \$25,000,000
 REVISED LIA REQUEST FOR GO. BOND ISSUE \$87,700,000


ROADS, STREETS & PARKING

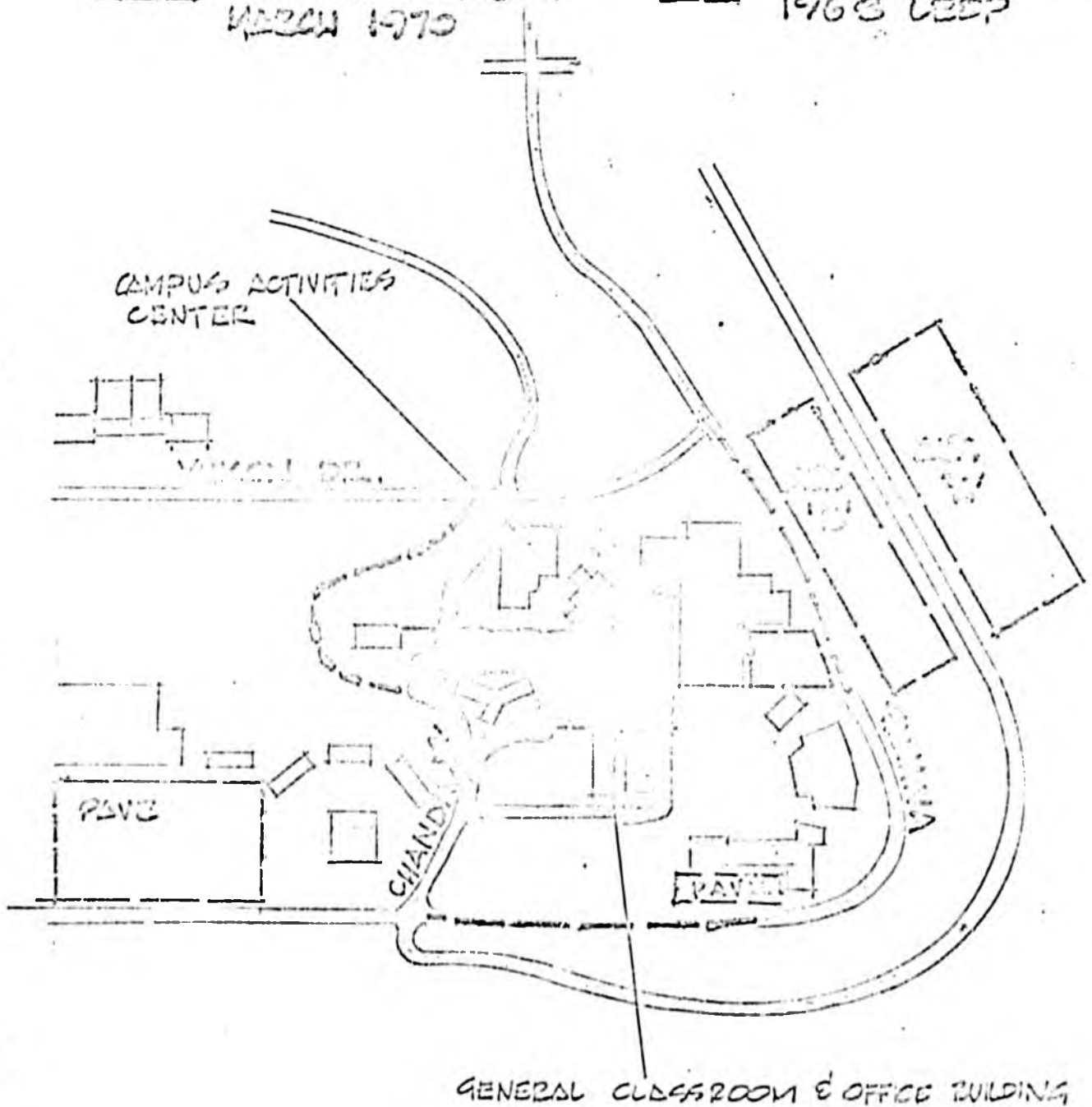
APPENDIX A

 STREETS ELIMINATED
MARCH 1970

 STREETS REQUIRED
1968 LEED

 PARKING ELIMINATED
MARCH 1970

 PARKING REQUIRED
1968 LEED



HOUSE FINANCE COMMITTEE
February 24, 1970
9:10 a.m.

Present: Committee members present were Messrs. Sackett, Hohman, Croft and Bradner. Also present was Commissioner Thomas E. Kelly, Department of Natural Resources.

HB 518 In Mr. Ray's absence, Mr. Sackett called the meeting to order, and referred to HOUSE BILL NO. 518 (limitation upon the issuance of oil and gas leases in the state), at which time he requested the Commissioner to testify regarding his opinions and the problems involved should this bill pass.

Commissioner Kelly said he would like to state in his opinion the underlying premise of the bill and the reason why they attempt to schedule their lease sales on an orderly basis, with no disrespect to Mr. Croft [one of the authors of the bill].

In his estimation, Mr. Kelly said, this type of legislation is frankly the worst kind the state could get on the books, primarily because it, in effect, is an attempt to put the legislature not only in the law making capacity, but also in administration of general management of the state's resources. He said he could cite a number of complications they could get into if they were to wait or depend on legislation to schedule oil and gas lease sales.

With regard to how and why they schedule these sales, he said prior to the compilation of this year's budget there were a number of companies that indicated they did not

gain the position they wanted in the September 10 sale. For example, one large foreign combine in addition to three well-known major or semi-major companies, want to either improve their acreage or acquire more acreage on the North Slope. Mr. Kelly noted that there are about 6,000 acres still available for which the state has tentative approval. Heretofore, all the 20-odd sales have been scheduled with the showing of competitive interest. He thought it logical in the conduct of their oil and gas business and issuance of competitive leases to plan to schedule on an early basis, at least one or two sales. He felt this brings continuity to the overall program, and affords them the flexibility to capitalize on certain circumstances, internally or externally in the world.

Mr. Kelly continued, saying there was a number of factors that contributed to the sale last September. He referred to various world situations, e.g., Libya, North Africa, etc. All of these factors together increased the amount of interest in the North Slope and therefore a rather mass hysteria which, of course, was to the advantage of the state. If that is taken away from the administration and the legislature attempts to do it on a part-year basis as the legislature is in session, he felt the legislature would find itself "on the short end of the stick." For example, if state-owned unleased acreage is subject to

drainage, they would have to wait until the legislature concurs before action could be taken. He also felt it would put the state at a disadvantage with the federal government which is not bound by Congress when they want to schedule a sale. When the land freeze is resolved, the state would want to be flexible enough to gain competitive advantage, and he felt the state should at least have that opportunity.

Referring back to the premise of what the administration is trying to do -- certain things in the Governor's budget are predicated on bonus revenues. Mr. Kelly felt legislative management of state resources would not work administratively and would cause tremendous disruption in the present form of state government. He was referring specifically to SENATE BILL NO. 384 (relating to limitations upon oil and gas leases in certain areas), which passed the Senate on February 19, 1970. He pointed out that the executive branch would be in the position of acting strictly in an advisory capacity to the legislature. To sum this up, he said, the state would be putting itself in a prejudiced position with regard to federal government; drainage of unleased tracts adjacent to leased tracts; the state would establish precedents that he felt the state would long regret. He felt it would be a crossover for the legislature from its established responsibility into the administrative. From that standpoint, Mr. Kelly said he is adamantly opposed to this type of legislation.

Mr. Croft stressed that this bill [HOUSE BILL NO. 518] has nothing to do with Mr. Kelly individually, but it does have something to do with the legislative position as far as the structure of government is concerned. He thought they could debate whether it is a proper legislative function, since he had points he also thought were valid. With reference to the acreage on the North Slope that would need to be leased because of drainage, Mr. Croft could not see any production before 1973, so therefore it would be July 1972 before any action would have to be taken. Mr. Kelly said the premise is still prohibition in nature and that it would establish prohibition until the legislature concurs. He felt that placing this type of legislation on the books the state could find itself in a rather compromising position. And, for example, if the Federal government held a sale on the Outer Continental Shelf, then the state could not capitalize on certain things that might happen. If in the Gulf of Alaska the Federal government had a sale and they have a high priority, it would be timely to capitalize on the momentum and lease certain state lands before there is a great deal of evaluation. When in an area of probability as compared with proof, there is a lot more excitement and people still have their imagination working for them. Mr. Kelly said he would like to see the state's hands tied. If there isn't competitive interest sufficient enough to anticipate substantial business, it would not be the Department's

approach to schedule a sale when they knew the bids would be considerably less. He particularly stressed that anything considered to restrict the department's timeliness, as far as management of resources, should be thoroughly investigated.

Mr. Kelly continued, saying he did not think it would be proper management of the state's resources if they just had an offering for the sake of having a sale. They have to have assurance of a more than adequate return or they certainly wouldn't entertain the thought of entering into it. Without major interest, they don't hold a sale. Mr. Kelly thought what they have now does give provisions for an orderly plan, and gives companies opportunity to do their investigations and geophysical work. The state now schedules sales for six months in advance. There are a couple of areas near the Coleville River where they offered 15 tracts in the last sale which has stirred up considerable amount of interest. Half of this is outside on unleased lands - they did this deliberately to see if they will drill a well. He would like to see one productive well, as they will get more from one big discovery than defining limits.

Mr. Kelly said he felt the present form of state government is streamlined, effective and efficient, and he personally did not like to see the legislature put "the stops on it," unless there is evidence that they are holding sales that are detrimental to the state.