

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2518

of research that could be done for the benefit of Alaska. The amount of state monies spent as against federal appropriations is 1:5. Primarily, that is money granted to the University through funding agencies of the federal government to start research which is of interest to the federal government, at which time the state has had to put up some degree of money. They decided that it would be a good thing if the state could institute some research programs on subjects of particular concern to Alaska and then go to the funding agencies and say that the state has a research program in this particular area and has put up so much money and would like matching money from the federal government. In this way, the University could initiate research programs and get more money from the federal government for research oriented toward Alaska.

In answer to questioning by Dr. Wright, Mr. O'Neill reiterated that much of the increase has nothing to do with the increased number of students, but is for new programs, program improvements and normal inflation. \$3.8 million has nothing to do with an increase in the number of students, he said.

Dr. Wright asked if the per student cost at the University has been computed. Mr. O'Neill referred him to page 29 of the booklet they had passed out, under Instruction on Campus where the cost per student credit hour is assessed. The cost per student is \$3,354 on the main campus and in the community colleges, the cost is \$1,102 per student. Dr. Wright asked how this was arrived at. Mr. Byrd replied, still referring to the booklet, page 29, explained that the first column includes all of the redistributed costs. They took the cost of organization and added the redistributed costs. This was done on the basis of the overheading rate approach which is used all over the country for determining overhead for

research projects with federal and other agencies. This then was divided by the number of students fall semester.

Dr. Wright asked about department services, and Mr. Byrd said that one simply takes the total expenses that were seen and applies the rates of redistribution so that public services get their share of these.

Looking at the figures, Dr. Wright said that it looks like a 40 to 50% increase in the request for administrative costs, and Dr. Wood said that the operational costs are up to 44%, which includes administrative costs. Mr. O'Neill said that the actual administrative cost was 6.77% of the budget in 1970-71 and is projected now for 9.1% for 71-72. Dr. Wright asked what is included in general administration. Mr. Byrd stated that this includes the costs of just operating the Board of Regents, the President and Vice-Presidents' offices, the central accounting and other central services, central university relations services and broad instructional expenses. [page 40 of budget book] Mr. Wright stated that the current year's administrative cost is \$1,957,060; the proposed budget is \$2,904,269, and he wanted an explanation of how that size increase could be called 9%. Mr. Byrd answered that the \$1,957,060 in the current year is 6.7% of the total University spending budget, and that the 9% referred to for 71-72 is not the percentage of increase but the percentage of the total requested budget. Dr. Wright still wanted to know about the increase. The deficit was brought up, and Sen. Ray asked what it was for. Mr. Byrd replied that the best way to answer that would be by demonstrating what the \$599,000 proposed increase independent of the deficit will be for. This includes general institutional expenses, insurance, staff benefits, proposed new staffing for certain

certain administrative divisions such as in the planning office to take care of the usual increase in the volume of construction the University will be involved with. There is a proposal for additional help in the office of the academic vice-president and public service vice-president and a few other things. Dr. Wright questioned "staff benefits". Mr. Byrd stated that all of the University staff benefits are accounted for in precisely the same way as separate expenses for the departments. Staff benefits relate to the entire institution where they are listed on page 2 of the budget. Dr. Wright asked if there is a little over \$3 million going to the administrative staff in benefits, and Mr. Byrd said yes. Sen. Ray asked what percentage of staff benefits is for increase in salary, and Mr. Byrd said that this is summarized on page 408 of the budget. \$675,000 is the total proposed for next year. Sen. Ray commented that the deficit is pretty close to that. Mr. Warwick noted that some of the state departments are sending down different budgets and asked if the University is doing so. Mr. Byrd stated that the Governor's Budget Review Committee had requested the University to submit an examination of what it would cost for certain new programs that may have appeared since the budget was presented. They gave three different ones. He said he didn't know if the Governor would take care of this. Mr. Byrd referred to the figure of \$538,000 on page 2. It consists of apparent overruns of various departments of the University that were not realized at the time the operating budget was prepared in May and June, including the additional teachers' retirement, additional cost of insurance and a few other items which brought up the cost. The University comptroller has been working on how to include those unexpected

costs in this year's budget. While he has been able to make some progress in that direction, he hasn't been able to do it entirely because of the fact that many of the project orders had already been executed; Most of the positions had already been filled; and in addition other expenses such as snow removal have offset the progress he was able to make.

Mr. Hulligan stated that yesterday he had submitted a \$551,000 supplemental to Commissioner Henri. The supplemental consists of four items: 1) additional charges in contribution rate for staff retirement- \$280,000; 2) change in insurance premiums - \$114,000. estimate on cost of snow removal - \$100,000; and 4) preparing office space, Natural Resources - \$57,000.

He went on to say that the University did submit a request for working capital of \$1 million which is to help it out in its cash balance, which is necessary because they are running approximately \$1 million in cash flow because of the delays in getting money from the federal government. They have to spend the money before they get it, so they are constantly having trouble getting cash to pay the balance. This is a one time appropriation and will be a revolving fund.

In answering a question by Mr. Warwick, Dr. Wood stated that the Chairman of the House Health, Welfare and Education Committee had asked the University to provide an estimate of the cost of non-credit vocational training operating currently in the community colleges. Although it is not a part of the budget, they manage it.

Sen. Lewis asked what the new programs are. Mr. Byrd referred him to page 410 of the budget book where there is a list of them.

Sen. Lewis asked how these programs are selected. Mr. O'Neill

said there was discussion about research and about what the University could do to come forward with types of programs that would answer the problems of Alaska. Ecology comes strongly into play here.

Senator Lewis asked how many students graduated last year. Dr. Wood told him that a total of 501 had graduated last year, mostly from the main campus and the Anchorage campus, but it also included students from the community colleges at Anchorage and Fairbanks receiving Associate of Arts degrees. This year there will be a separate commencement at Anchorage. The breakdown will be approximately 120 graduates in B.A.'s and Masters, 30 or 40 in A.A.'s and 95-100 adult diploma receivers. They expect another 15 or 20 Associate of Arts degrees this summer. He anticipates about 500 graduates on the main campus this year.

Sen. Lewis asked how much was allocated for a planning office and what would be done there. Mr. Byrd answered that the total costs were \$200,559 this year and \$204,622 for next year.

Dr. Wood said that essentially the planning office would do two things. One is gathering information about the institutions--supplying studies for centers and locations, providing projections of population trends, and anticipating staff needs. The other is actual work in management of the construction program--finding architects and developing contractual arrangements for projects. That is the planning program.

Sen. Lewis asked if the construction problem was having no funds to plan with. Mr. O'Neill stated that their biggest problem is that they have not had an opportunity to acquire funds from the legislature for advance funds. They have a \$350,000 request this year and it would be a revolving fund. It would save tremendous

amounts of time, since without money they are unable to hire an executive architect. With the money, they would be able to do preliminary work, and would save many months.

Sen. Butrovich asked if this would be a one time appropriation, and was told yes.

Sen. Lewis asked what the arboretum was and how far they went in assisting farmers. Dr. Ray stated that the arboretum was actually a modest project. It would consist of an area of naturally growing plants--paths would have to be cleared throughout it, and a curator would have to be hired to care for it. In terms of helping farmers, they give advice and try to steer them in the right directions. For example, if someone was starting a ranch innovative in concept they would perhaps be able to subsidize it with federal monies and give all the advice needed. Perhaps a manufacturer of fertilizer would see a value in having the rancher use his fertilizer over another and could be convinced to donate to the cause. The University receives \$360,000 a year which they can disperse in advice and aid. However, they can not give grants.

Sen. Hensley asked what the standing of the University was in regard to accreditation. Dr. Wood said that the University has been accredited since 1938 and their last review was 4 years ago. All of the community colleges are accredited through the University of Alaska. Anchorage community college is at a size now where it will have to be evaluated independently.

Sen. Hensley asked if there were any negative statements or warnings about the accreditation. Dr. Wood said that there are always suggested areas for improvement.

Sen. Butrovich asked for a copy of the contents of the report and Dr. Wood said that the committee would receive copies.

Sen. Hensley asked the effect of community colleges on accreditation. Mr. O'Neill answered that the Board of Regents felt that the University of Alaska, as the only public higher education system in the state, should be accredited throughout the state. The accrediting agency has taken the view that as the community colleges expand they should be examined.

Sen. Hensley asked if the University feels that the community colleges hurt the accreditation, and Dr. Wood answered quite the contrary.

Sen. Hensley asked if the percentage of Alaskan residents graduating was known. Dr. Wood stated that 80% of the enrollment were Alaskan residents, however, since so many students who are not residents can claim residency after twelve months, it is not known exactly what the graduating percentage is.

In answer to a question as to the departments where most graduates received their degrees, Mr. Theophilis stated that there were a good many in business, economics, biology and government, a smaller number in mineral science, and a larger number graduated in math, physical science, education, and engineering.

Sen. Hensley commented that he would like to see research directed to Alaskan types of problems. Mr. O'Neill said that he was well aware of what Sen. Hensley was saying. That was why the University had been stressing public services to the extent that they were 27% higher than instructional services. They are starting programs which are more educational to people in outlying areas. Presently, the only funding available for research is through grants for specific projects.

Dr. Ray said that now the people in Washington are becoming convinced that the sale of oil leases haven't given incredible riches

to the state, and since they are feeling the North Slope to be of national importance, a substantial amount of money is likely to be allocated for ecological work on the North Slope.

Sen. Butrovich recessed the meeting at 11:45.

after recess
1:15 p.m.

Chairman Butrovich reconvened the meeting.

Sen. Rettig discussed the social problems^{of} our state--i.e. drugs, unemployment, crime--and asked how we can relate the increasing educational effort to these problems, his idea being that it would seem education is the answer to curing social ills, and yet social ills have not been cured.

Mr. O'Neill answered that he agreed with Sen. Rettig's explanation, but said that you can offer the best there is to people, but you can't make them accept it.

Sen. Rettig said he noted in fiscal 1971 that 33% of total funds were devoted to research. Dr. Ray said that actually, only 14% of the funds were used for research, the remainder being overhead.

Sen. Rettig wondered if the research the University was doing would relate to solving the social problems such as auto accidents, the resulting rise of auto insurance costs, crime, etc. Dr. Ray answered that the University was not funded for that type of research, although he feels it would be a good direction.

Sen. Rettig remarked that the University group is perhaps the highest educated group in the state. He said there is a high ratio of people in the state who can't contribute to society because of a lack of education and wondered about the state's emphasis on where the state dollar should be placed. Mr. O'Neill answered that as far as the facilities of the University are concerned, they are moving forward as fast as possible, as the charts they prepared show. The emphasis is no longer strictly towards the baccalaureate degree, but the importance of vocational, technical-type teaching is helping more people adapt to our society. There is much being

AFTER RECESS

2:15 p.m.

Present: All members except Mr. Fink. Mr. Marty Behr and Mr. Graham Taylor, Management Analysis Center, Inc., were also present.

PROGRAM Mr. Hohman called the meeting to order and explained that

BUDGETING Mr. Behr and Mr. Taylor were present to discuss the study being performed on planning and budgetary practices for Alaska. Mr. Taylor displayed an outline for the committee of the work they were doing. This outline covered Program Budgeting; Planning, Analysis, and Evaluation; the Budget Process; and Organization, Staffing and Training and Mr. Taylor briefly explained each area. Mr. Taylor said the report they are preparing would be complete by March 1 and he discussed areas that would be covered in this report.

Mr. Taylor said their conclusion is that the State of Alaska is in a very good position to make improvements in its planning and budgeting process as the State has a well developed organization with line item budgeting. Mr. Taylor said they would not anticipate the hiring of a large staff to implement this as he felt the staffs (who have analytical backgrounds) could be used. However, he said an increase in such areas as Budget and Management would be unavoidable.

Mr. Warwick said his concern was could the State implement this. Mr. Taylor answered that they would be recommending an on-the-job training program and explained the type of training program they were talking about. Mr. Warwick asked if they were considering the entire state government and Mr. Taylor said yes and added that he was against pilot projects.

Mr. Fink entered the meeting.

In answer to Mr. Warwick, Mr. Taylor noted that Hawaii had arranged a 4 day seminar and that all their legislators attended. He noted it was almost too successful as they were "zeroing" the executive budget out.

Mr. Warwick asked if he had a tentative schedule for such a seminar for Alaska and Mr. Taylor said just as soon as feasible and that perhaps only the Finance Committee and Audit Committee would want to attend. The committee discussed possibilities of a training program for the legislature. Mr. Haugen said he agreed with the programming concept. He felt one of the problem areas was supplemental appropriations. Mr. Taylor said that one of their recommendations would be to do more forward projections and this might improve this area. The committee discussed this.

Mr. Taylor said he thought the budgeting they would get next January would have an improvement and by January of

1973 they would have an even better picture. Mr. Taylor said there are some budgets that the legislature might want to consider together such as transportation -- Marine Transportation, Aviation and the Department of Highways.

Mr. Warwick asked how much time would be required as far as total implementation and Mr. Taylor answered 3 years from January and said certain changes in accounting and data processing would not be required until June of 1972.

Mr. Warwick noted they had worked with other states and asked how many have successfully changed to this type of budgeting. Mr. Taylor said that right now no single government agency, with the possible exception of the Department of Defense, has reached the goal they would like Alaska to reach three years from now.

In answer to Mr. Warwick, Mr. Taylor said one of the obstacles has been not enough follow-up -- that in some states the governor and legislature were not interested enough to really push it. Mr. Taylor said he felt Hawaii would be the first state to really benefit from this.

Mr. Warwick said he would hate to see the state spend the money and effort and then let it go. He felt if they did go into this type of budgeting they should do it wholeheartedly.

Mr. Taylor felt the incoming people of the new administration were very open minded and very anxious to find new tools

for budgeting. He pointed out the Governor and the Commissioner of Administration were very enthused about program budgeting.

Mr. Degnan left the meeting.

Mr. Taylor said that their study would show a budget using this method and that they had chosen Corrections and Vocational Rehabilitation to present this and the legislators could compare the original budgets with this new approach.

Mr. Haugen said he wanted to support the administration in at least trying this. The committee discussed the possibility of a date for the seminar.

Mr. Wright asked Mr. Taylor if his firm had been rehired to implement this program. Mr. Taylor said their contract covers the report to March 1. He said they had been given a supplemental by the Governor but they had no commitment for implementation. He added the type of implementation they would foresee would be an "over the shoulder" work program. He said the state had good people -- their role would be to monitor the staff. In answer to Mr. Warwick, Mr. Taylor said they do not have a staff of programmers (this is subcontracted); however, they do have systems men.

There was a general discussion on the cutting of a budget.

Mr. Hogan asked Mr. Taylor his impression of the Executive Budget Act. Mr. Taylor said it is a good piece of legislation but it is not too restrictive. He said it does not explicitly talke about expenditure projections. He added it does not specifically call for coordination of operating and capital budget requests.

Mr. Taylor said a posible alternative to improving the budgeting system might be to require the Governor to submit the entire budget in advance of the legislature to give the staff time to look at the entire recommendations and the committee discussed this. Mr. Wright asked Mr. Hogan how much time the staff would require to make meaningful recommendations on the budget. Mr. Hogan said this would be close to a two month period and if the staff were larger they could shorten this time.

Mr. Taylor asked the committee if they felt there was any detail submitted in the budget that was less important than other things and the committee discussed this.

Recess: The committee recessed at 3:30 p.m.

After Recess
2:00 p.m.

Present: All members. George Easley, Commissioner; Harold D. Strandberg, former Commissioner; Tracy D. Kaldor, Administrative Director; Herbert J. Lockert, Director, Division of Marine Transportation; Mr. Esmond; Mr. Burton; Department of Public Works.

Code
615-617

Captain Lockert reviewed the figures listed in Revenue Sources, 1970-76, for the ferry system. Casualties have affected revenue; however, it has stayed close to projections. Mr. Fink asked if rates were competitive and Captain Lockert said there was no good comparison available between the ferry system and commercial carriers since the ferry sells by length of vehicles while the commercial carriers sell by weight. Mr. Burton reported a refinement has been made by charging per square foot, not only by length. Mr. Easley said the original intent of the ferry system was to provide transportation services and no study has been made to see how much could be charged. The subsidy is now \$4 million and an effort is being made to keep it within that limit. Captain Lockert feels the ferry system should not undercut the commercial carriers very much or they will be operating unfairly. A change in tariff is proposed for April which will eliminate inequities which exist between SE and SW fares. SE Alaska fares will be raised 18.5% and SW fares a little over 1%, resulting in an approximate 11% increase in revenue. Mr. Haugen argued this was an unfair penalty on SE Alaska, since there is a question of greater

need for the marine highway in SE. Mr. Easley reported Captain Lockert had met with users along the route explaining the increased tariffs and the ferry system is still competitive with Alaska Steam. In answer to questions by Mr. Warwick, Captain Lockert said expenses and revenues for each ferry are available and the original blue boats are the most profitable. The Wickersham is more expensive to operate and is limited by the Jones Act, but is a help during the peak summer months by carrying more passengers and freight. The boats are 85% reserved and 15% free for late arrivals and emergencies, and the months of July and August are absolutely packed. One large ship and two small ships are to be added and the three blue boats are to be lengthened, one each year. This will add capacity and increase revenue. Mr. Strandberg said he recommended selling the Wickersham, but not until a replacement is available. The original cost was \$7-1/2 million and the sister ship to the Wickersham is now on the market for \$9 million.

Federal highway funds are allocated to the marine highway system. The funds are appropriated to the states on the basis of gas tax receipts, population, and the total amount of road network. The fact that ferry system mileage can be added to the network of road mileage increases the funds available from the Federal government. Mr. Haugen noted a withdrawal of Federal land will decrease mileage and allotment.

Recess: The meeting recessed at 2:55 p.m.

The meeting was called to order at 3:15 p.m. by Mr. Hohman. Messrs. Easley, Strandberg and Kaldor of the Department of Public Works remained in the meeting for further testimony.

Code
132

Mr. Easley reported the substantial decrease in aviation fuel tax was due to decreased activity on the North Slope. Mr. Strandberg added the forecast for 1971 was too optimistic and assumed the pipeline would be underway. If activity increases on the North Slope, the Department of Aviation estimates the revenue for 1972 would be \$2,800,000 rather than the \$1,650,000 estimate by the Department of Revenue. A strike by Northwest Orient decreased the fuel tax collected in the first six months; also decreased rentals at other than the two international airports created a lower estimate for FY 1971. A memo will be sent to the committee explaining the forecast.

Code
601-671

Mr. Strandberg explained an error in the figures of including Federal aid to airports in the Anchorage International Airport total. There should be a separate sub-total with Earnings on Investment added below in order to get a true picture. Revenues are down slightly at Anchorage because of the Northwest strike and down at Fairbanks because of the inactivity on the North Slope. However, revenues are very close to forecasts and the Anchorage airport is quite lucrative. The fees are competitive with other airports and if Japan Air Lines goes through with expansion plans, revenues will increase at Anchorage. Answering a question by Mr. Fink, Mr. Strandberg said the SST's will probably increase traffic for Anchorage and neither Concorde nor Boeing have the capability of overflying the Alaskan airports. Mr. Fink questioned a substantial accounts receivable from one of the airlines and Mr. Easley said Alaska Airlines owes \$150,000. Alaska

Airlines is a constant source of difficulty, but the state does have a guarantee from the Matanuska Valley Bank so will not lose money.

Recess: Meeting recessed at 3:30 p.m.

HOUSE FINANCE COMMITTEE MEETING
January 30, 1971
10:05 a.m.

Present: All members. Mr. Joe LaRocca, newsreporter, was also present. John Havelock, Attorney General; Tom Wardell, Deputy Attorney General, and Roberta Johnson, Administrative Assistant, from the Department of Law were also present. Mr. Gene Smith and Mr. Ron Lind from Budget and Management, Department of Administration were also present.

DEPT. OF
LAW

Chairman Hohman called the meeting to order and explained the purpose of the meeting was to review the Department of Law budget.

Mr. Havelock gave an explanation of the responsibilities of the Department of Law.

Mr. Havelock said that the 1970-71 authorized was \$2,332,200. The Department requested \$3,011,400 which is an increase of \$679,200. The Governor's Allowance is \$2,967,500. Mr. Havelock said of the requested \$679,200 increase, \$409,000 is in personal services, code 100, which was built in increases.

The Department requested 11 new positions and was allowed eight for a cost of \$143,200. Mr. Havelock said of the remaining \$85,000 increase, \$50,000 represents requests for special litigation for the

Cook Inlet off-shore law suit. He said the remaining increase of \$35,000 covers the normal increase in cost of travel and contractual services. Mr. Havelock said of the requested 8 new positions, two are for prosecutors (Judge Fitzgerald had requested a minimum of 5; however, Mr. Havelock felt they could do it with two) in Anchorage, one position represents a separate attorney for Kodiak, the fourth position is for an attorney who will specialize in transportation matters. The remaining 4 new positions are secretarial positions in Anchorage.

Mr. Haugen asked about the Cook Inlet case.

Mr. Havelock said they are following the litigation of the Louisiana case and Mr. Wardell added they are arguing the historic bay concept. Mr. Wardell said they are requesting \$50,000 especially for the Cook Inlet case to be assured they have the money as they need it. They have an investigator on the Kenai Peninsula interviewing people, reviewing archives, etc. They are trying to find every trace of historical record back through the century. Mr. Wardell noted that although this trial has been continued before, a firm date in September has now been set. Mr. Havelock pointed to the \$2,400 for portable

reporting gear (listed on page 44 of the budget) and he feels it is not necessary.

Mr. Fink asked of the 103 full time positions, how many positions are filled. Mr. Havelock answered there are 55 positions authorized on the professional staff and at the end of the year there were 43 filled. Since that time, he has hired six lawyers. Mr. Havelock said one position in Ketchikan, one position in the civil section in Anchorage and one position for assistant district attorney in Juneau, one position for the Kodiak/Kenai lawyer and two assistant district attorneys in Fairbanks remain vacant. Mrs. Johnson reported on the vacant secretarial staff. She said there are six vacancies; however, some of these are temporarily filled.

Mr. Fink questioned the need for a judge in Kodiak and asked if the judge is not there if the Department still sees the need for an attorney. Mr. Havelock answered that there would be a need for services, even if the judge was not there; however, he would not recommend filling the slot if the judge was not there. Mr. Havelock told the committee if they added judges this would throw his budget "out of whack".

Mr. Fink asked the number of jobs filled in the last year. Mr. Havelock said in regard to attorneys, there were 21 hired, 20 resigned and 19 remained constant for the year ending Dec. 1969. Last year, they hired 16, had 12 resignations and 19 remained constant. In answer to the committee's questions, Mr. Havelock explained that \$409,000 of the increase is for the increase in cost in salaries and benefits.

Mr. Wright asked if the Department requested a supplement and Mr. Wardell answered no.

In answer to questions posed by the committee, Mr. Lind explained that the 1970-71 Authorized for code 300, contractual services, was \$438,700 and that the program maintenance level for contractual services (page 4) is \$383,600. The reduction is due to a reduction for witness fee cost, Mr. Lind said.

Mr. Fink asked about the need for a district attorney in Nome and Mr. Wardell said the district attorney is quite busy due to the high crime rate. This attorney also travels to Point Barrow, Kotzebue and other villages and when he is not busy he assists in Fairbanks and Anchorage, Mr. Wardell added. Mrs. Johnson said they have \$3,000 in the budget in answer to Mr. Fink's question of what the

Department anticipates in the way of overtime. She said overtime has cost about \$1,500 since July. Time and a half became effective December 16, Mrs. Johnson said and this only applies to the clerical staff and the department allows "comp time" in some cases.

Mr. Warwick noted the \$53,700 for vacancy and turnover and asked Mr. Havelock what he felt would be a realistic figure. Mr. Havelock said they would continue to have turnover. He said ideally he would hire trainees in the summer and have them work under senior attorneys and fit them into these slots.

Mr. Warwick questioned the \$9,200 on page 15. It was explained to the committee this is for a change in pay range and Mr. Smith added this is primarily a balancing figure.

Mr. Fink asked how the pay range for legal secretaries in state agencies compared with private industry. The committee briefly discussed this.

Mr. Wardell noted that the term legal secretary was the same pay scale as secretary I; however, the Department of Law uses this classification to obtain secretaries with legal experience.

Mr. Wardell said that last year autopsy fees were put into the Department of Law budget but the function is really in the Court System and should go in their budget. Mr. Smith said by an inter-agency agreement the money budgeted in the Department of Law was being transferred to the Court System for autopsy fees. However, the amount budgeted is inadequate and they will be asking for a supplemental, Mr. Smith added. Mr. Hohman asked how much the supplemental would be but Mr. Smith said the bill has not been filled by the Court System yet. Mr. Degnan asked how the Department of Law felt about this and Mr. Wardell said it definitely does not belong in the Department of Law. According to the statutes, it is a Court System function.

Mr. Haugen asked about the attorney for the Dept. of Fish and Game and requested a report to see if Fish and Game was reimbursing this through inter-agency receipts. He was interested in how much time this attorney is spending for Fish and Game. Mr. Wardell assured the committee that this attorney was funded by Department of Law and no funds were received from Fish and Game for this purpose.

Mr. Warwick noted on page 7 of the budget the Attorney General was to prepare a report for the legislature at each session. Mr. Wardell felt this may have already

been done but said he would follow up on this. The committee discussed the \$78,000 that was budgeted for the redecoration of the Attorney General's office. Mr. Havelock said that phase I was for his office but that he was not anxious to spend that money unless they get the money to do the rest of the offices for the other attorneys. He said he did not feel he could redecorate his office without phase II which would be for the other offices also. He said he did not like the design in the first place as it does not increase space and that he would like to use a design which created new office space so the Department of Law could function in the same space for the next 5 to 10 years. Mr. Fink asked if they planned on using the \$78,000 in the next fiscal year and Mr. Havelock said they did not have any plans. Mr. Fink asked the cost of phase II and Mr. Havelock said \$233,700. Mr. Fink asked about the \$15,300 (page 50, code 930, interagency charges) for ASHA rental in Fairbanks and Mrs. Johnson said this was the figure they received from Budget and Management. Mr. Hohman questioned the \$9,492 (page 40, code 390, other contractual services) for ASHA payment in lieu

of taxes. He wanted to know who authorized this and requested Budget and Management to find out about it. Mr. Fink said he would like a comparison of rents including ASHA rentals in different areas of the state. Mr. Smith said this request should go through the Commissioner of Administration for the Division of Supply as they are involved in leasing space.

Recess: The committee recessed at 11:10 and was called back to order at 11:30 a.m.

In answer to Mr. Fink, Mr. Havelock said he would like to come in next year with a renovation program unless the legislature decided to do the entire fourth floor at once.

Mr. Fink asked for a total account of all the items having to do with the Kodiak office in the event that this is eliminated.

Mr. Fink asked if they are projecting any lapses for the balance of the fiscal year. Mrs. Johnson said they are working with the Department of Administration on this and Mr. Fink requested a copy of this report.

Mr. Fink asked how the department's investigative staff compared with the staff of the Public Defender.

Mr. Havelock said the difference is that they have the police -- he said he would just as soon see a

lot of investigative work done by the Department of Public Safety. He said the intent is to make the remaining investigative slots more administrative so they can help the attorneys more directly.

The two state troopers that are presently assigned to the Department of Law (and funded by Department of Law) are in Anchorage but Mr. Havelock would like to see these positions deleted because he felt this should be handled in another manner.

Mr. Warwick questioned the use of the MTST's.

Mr. Havelock said they are really suffering because they have only one MTST. Mr. Wardell spoke on the need for MTST's saying their experience with the MTST has been very favorable.

Mr. Havelock said if the Public Defender's office was understaffed it would be hard on the Department of Law as they meet with their people for pre-trial handling of cases. He said the pre-trial processing does not work unless the Public Defender's office is adequately staffed. Many pre-trial hearings end in dismissal and this cuts down work for everyone involved including the courts.

Mr. Fink questioned the need for the burglar alarm system and Mr. Wardell said they definitely had a

need for security due to the confidential files in their offices. He said there had been files looked at in their Anchorage office. In answer to Mr. Fink Mr. Wardell said they did, by practice, lock their file cabinets.

Mr. Hohman summed the meeting up by saying that the Department could expect to have a written request for information the committee had requested during the meeting. He said they would like to have a detailed narrative of the change from last year to the program maintenance level (to include salary increases, reclassifications and that Executive Order 20 effects should be noted).

Adjournment: The meeting adjourned at 12:00 p.m.

HOUSE FINANCE COMMITTEE
February 1, 1971
9:15 a.m.

Present: All members. Mrs. Irene Ryan, Commissioner; Frank Homan, Director, Industrial Development Division; Jack Tripp, Director, Alaska Travel Division; Paul Schaaf, Administrative Officer, Department of Economic Development; Rich Guthrie, Budget Analyst, Division of Budget & Management; Joe LaRocca, news reporter.

Economic Development Chairman George Hohman called the meeting to order and introduced Mrs. Irene Ryan. Mrs. Ryan introduced the staff members from the Department of Economic Development and stated her opinion of the basic goals and purposes of the department as follows:

Facing Alaska now is what type of floor to keep under the state until the guidelines are drawn for environmental protection. Industry with substantial investment can not come into Alaska until they can be assured of making a profit. It is too late to change the program established in the prior year, but the emphasis should be on tourism since environmental pressures are not serious with tourism. Secondly, the department should concentrate on helping small industries in Alaska, particularly those that process natural products of Alaska. Develop all areas, no matter how small. When the environmental question is resolved, guidelines will be established and industry can be notified.

Mr. Fink asked how many positions are presently filled and Mr. Schaaf said of the 54 permanent employees listed, 36 positions are filled. Mr. Hohman noted the department's request last year was \$1.4 million

and for F.Y. 71-72 the request is for \$1.6 million. Mrs. Ryan said a large part of the increase is due to the normal increases in salary and travel since there are no new programs, with the exception of \$15,000 requested for an econometric model now under study. Mr. Fink questioned the request for a new mail stuffing machine and Mrs. Ryan said the machine would save time and personnel handling the inquiries for information. Mr. Homan added the department handles over one million pieces of mail a year and the present equipment is too old to keep up with the volume. Temporary people must then be hired at peak periods, since the brochures must be timed prior to the tourist season or lose their impact. Samples of brochures and pamphlets prepared by the department were distributed to the finance committee.

In answer to a question from Mr. Fink, Mrs. Ryan said a field office has been requested in Anchorage for the employee now located at a desk in the Land office. Many visitors stop at this desk for information and the lack of an office gives a poor impression of Alaska.

Mr. Warwick asked how more emphasis could be placed on tourism and small business. Mrs. Ryan said there is an opportunity to participate with the Federal government to study foreign tourism. The Japanese market is affluent and an effort should be made to attract the Japanese to Alaska. Mr. Tripp added another potential is to attract campers to Alaska, since more people prefer to travel by car.

Advertising nationally, instead of just on the West Coast, would attract campers from the Great Lakes area, for example, who could drive up through Canada and the Yukon. One full-page ad in Readers'

Digest would cost \$35,000, but Mr. Tripp feels the state should experiment to find if national advertising is practical. Mrs. Ryan said a travel analyst has been requested in order to find out exactly how many dollars come into the state from the tourist trade. Estimates now are based on many reporting sources and an analyst could report accurate figures.

Responding to Mr. Warwick's question about aiding small business in Alaska, Mrs. Ryan said the department could estimate whether or not a business could be profitable, show the businessman the various areas where funding is available, and find markets for the products. Mrs. Ryan will be attending meetings of various Native groups, such as the Northwest Development Association, to see how the Department of Economic Development can help. A number of other possibilities are just waiting for the environmental question to be resolved and industries will come in once the guidelines are set.

Mr. Fink asked if there is a projection of what amount of money will lapse in the current budget. Mr. Schaaf said they are anticipating a small lapse of approximately \$60-65,000.

Overtime will be charged to each division, but it is not possible to hold to a normal work week when the tourist brochures must be mailed out. Mrs. Ryan noted the Stanford Institute report advised attracting tourists in other than the summer months and a "Spring-Up" campaign and "September" campaign hopefully will stretch the tourist season. Winter sports should be stressed. Mr. Fink asked for a breakdown of overtime for each department, both present and projected.

The \$37,500 requested for the Small Business Development Corporation was questioned by Mr. Fink. Mrs. Ryan distributed copies of a financial statement of June 30, 1970 (see department file) and explained development corporations organized in small communities are composed of stockholders who invest money in the corporation. When approached by a small businessman or industry, the development corporation analyzes the potential and tries to obtain a loan if the business looks promising. Loans may be obtained from the Federal government and, if approved by the Federal, the state may step in and provide half of the local development corporation's portion. In rural areas, 80% of the required funding is available for loans from the Federal government. The Federal government has requested an increase in this program to \$300,000 by the state, due to applications already on hand. The department requested \$150,000, the Governor's allowance was \$37,500, and a request is on the Governor's desk to increase the allowance to \$300,000. This is not a revolving loan fund and all loans collected plus interest go back into the General Fund. All loans are current with the exception of the Stikine development, and payments will begin when the hotel, restaurant and bar are completed and operating. Discussion followed on the progress of this program and Mr. Schaaf said the state has been able to service only three development corporations, Anchorage, Fairbanks and Stikine, due to lack of funds.

Mr. Fink asked if this budget was prepared by the current administration and Mrs. Ryan said no, but they are prepared to work under it. One particular change is necessary, which is the addition of a Clerk II to aid the Administrative Officer. Mr. Haugen noted the finance committee

is attempting to change the format by a bill now in process, which would enable the finance committee to evaluate programs in relation to the way money was spent.

Mrs. Ryan explained industry can be attracted to Alaska only through information on availability of schools, workers, the economic climate of the state, taxes and transportation access. The Department of Economic Development must accumulate the basic information for advertising in national magazines and brochures. They have barely scratched the surface of reports and information which could be made available, and the second stage is to keep current.

Budget requests were questioned and Mr. Homan answered the SBDC account was taken from Industrial Development to become a program of its own, which was merely an internal transfer of funds. A Librarian I and four temporary positions for summer employment have been requested for Industrial Development. The WICHE program last year involved two graduate students doing research work during the summer and two Research Analysts and two Clerk Typist III have been requested to continue this program. \$25,000 of the increase in contractual services is for a film related strictly to industrial development, which would be taken to trade fairs and conferences. Editing may be contracted to an outside firm for the necessary expertise. Grants, claims and shared revenues include requests for an Arts & Crafts program and an economic model, both programs to be implemented by Federal funds. Mr. Fink asked how the personnel freeze by the Governor affects the departments and Mrs. Ryan said the freeze is from range 14 up and doesn't cover clerical positions. Mr. Schaaf added they must receive

specific releases position by position to hire.

Mr. Warwick questioned the decrease in the Travel Division's request and Mr. Guthrie stated the legislature last year authorized \$15,000 for legislators to attend Expo '70. Mr. Haugen requested a list of the legislators who attended. \$40,000 was expended last year for the Tok facility, which was a one-time request.

The request for a mail stuffing machine was questioned by Mr. Wright and Mr. Schaaf said the equipment has been shared with other departments and the Department of Labor has asked for the old machine if the new one is authorized.

The Community Development Grant program was explained by Mr. Tripp for Mr. Fink. The program will provide matching funds up to \$1,000 to aid small communities to restore a historical site, repaint totem poles, dress up information booths, or any other project in connection with tourist attractions. The community must present a financial statement for the prior year in order to qualify for the matching funds.

Adjourned: The meeting adjourned at 10:50 a.m.

HOUSE FINANCE COMMITTEE
February 2, 1971
9:45 a.m.

Present: All members with the exception of Messrs. Hohman and Ditman.
Harold Byrd, Budget Officer; Max Hilliard, Controller, University of Alaska.

U. of A. Mr. Warwick called the meeting to order and Mr. Fink requested the following information for the budget meeting: student enrollment on the main campus and the community colleges, full-time and part-time equivalent; appropriations; construction costs; all figures to be broken down year by year for the last five years. Mr. Fink also requested administrative costs and whatever financial information available on other state colleges of comparable size throughout the nation. Messrs. Byrd and Hilliard plan to leave Juneau at noon and will have the information for the budget meeting; tentatively scheduled as a joint House and Senate finance committee meeting on February 12.

Mr. Wright noted \$225,000 requested for Library and Fine Arts Building and asked for an explanation. Mr. Byrd said architectural errors resulted in a lack of safety features, noted by the Fire Marshal when he inspected the partially completed building. Proceedings have been instituted against the architect, but there is serious doubt if all or any of the money can be collected. Meanwhile there is a need for the building and funds have been requested to repair the mistakes.

Mr. Wright questioned the educational programs listed in the budget and Mr. Byrd answered he has an outline of specific programs which can be explained at the budget meeting. Information about fees was requested and Mr. Hilliard said this was a separate budget, not entered in the operating costs budget presented to the state. Income from food and dormitories goes into an account, the major part of which is used to pay debt service on bonds issued from HUD. The detail figures of the programs do not coincide with the total budget request of \$31 million and Mr. Warwick asked for an explanation. Mr. Byrd said this was due to the salary increment element. The university shows salaries at exactly the same level paid, not listed at "Step C" as other state agencies do. When salary studies are done in February or March, individual increases occur which do not appear in the budget. It is entered as a lump sum payment which, added to the various division, match the total of \$31 million. Mr. Warwick asked the representative of the university if they

Recess: could return at 11:00 a.m. and the meeting recessed at 10:00 a.m.

AFTER RECESS
11:15 a.m.

Present: All members with the exception of Messrs. Hohman and Ditman. Mr. Harold Byrd, Budget Officer, University of Alaska, was also present.

Univ. of Alaska Mr. Wright noted the increase in administrative cost is 10 per cent and asked for a justification of this increase. Mr. Byrd referred to pages 13 and 23 of the budget which show cost analysis summaries. Mr. Wright asked if employing a purchasing agent (page 23 of the budget) would result in a savings. Mr. Byrd said they hoped it would. He said this is a result of a need because they have become so large and so scattered. Mr. Fink felt there was a rule of thumb where a purchasing agency could save so much times his salary. In answer to Mr. Haugen, Mr. Byrd explained the University has three computers. One computer is used for administrative purposes, one they got on surplus and this is used for instructional purposes and the third one has been turned over to the research program. Mr. Haugen said this was of concern to the legislature as they did not know the University had this equipment. Mr. Byrd explained that the use of the computer for administrative work had increased (from 15 per cent

to 40 per cent). Mr. Byrd said the University is proposing to supplement this by employing a specialist in the application of administrative work.

The committee discussed the audit of the University done by Peat, Marwick and Mitchell and Mr. Warwick requested a copy of the audit of the fiscal year ending June 30, 1970 and also a copy of the management letter done by Peat, Marwick and Mitchell.

The committee discussed the number of semester hours that must be taken by students to be considered full time students. Mr. Byrd said that federal government requires students who are taking 12 or more semester hours be considered as full time students. It was noted that the students listed in the budget could be taking anywhere from 6 to 21 credit hours. In answer to a question raised by Mr. Haugen, Mr. Byrd said that there was a report made last year that was a result of a Senate Finance study of program budgeting approach. Mr. Byrd said that anyone paid by the University, is contributing a service to the University.

In answer to Mr. Warwick, Mr. Byrd noted there is \$33,000 (page 273 of the budget) for salary increments

for the Cooperative Extension Service.

Mr. Wright reiterated that he was primarily interested in the cost of administration.

Mr. Fink noted that he was interested in how the University compares with other institutions.

Mr. Byrd said the other institutions are running into the same spiral of costs and discussed this briefly.

Mr. Haugen felt the subcommittee might want to consider spending several days working with the people from the University on this budget and said this might prove favorable to both the committee and the University.

Mr. Wright requested that out of the current research budget (for 1970-71) they break out what portion is funded by the state and what is funded by the federal government and when they make projections over the next year to tie this together. Mr. Warwick requested this be done for the past three years.

In answer to Mr. Fink, Mr. Byrd said when they are asked to do something by a state agency they try to make a person available who can do this without charge (except for travel and per diem). He said if they do not have someone available they will have to hire someone and he would contract directly with the state.

Mr. Byrd said this happens in areas like Fish and Game.

Mr. Fink said when they go into the budget further he would like to look at the various other corporations such as the Heating Corporation.

Recess: Mr. Warwick said that a letter would be forwarded to the University noting the committee's requests and the committee recessed at 12:05 p.m.

After Recess
1:35 p.m.

Present: All members with the exception of Messrs. Warwick and Ditman.
Robert L. Dyer, Legislative Auditor; J. D. Schroedel, Supervisor,
Legislative Audit.

Legislative Audit Mr. Hohman called the meeting to order and asked Mr. Dyer for an explanation of the budget request. Mr. Dyer said the budget was practically the same as last year and Mr. Schroedel added the \$30,500 increase was mainly in Personal Services. The increase was due to a general salary increase in July, 1970, with a resultant increase in employee benefits, and a change in classification of an Accountant III to Secretary III. The increase in per diem from \$21 to \$30 added to the travel expenditures. The Legislative Auditor salary is listed under contractual services.

Mr. Hohman questioned their reaction to the three bills pending on Legislative Audit and Mr. Dyer answered it would not affect them too much. The same Legislative Committee would control both divisions but not affect the staff of Legislative Audit. Mr. Fink said it was probably not reflected in the bill but the plan was to have an internal staff, not contract outside auditing. Some audits may be contracted out, but the goal is to have an internal staff within five years. Mr. Schroedel said audits are not contracted now. Mr. Dyer added it was wise to hire a CPA, but the advantage now is that the reviewer is independent and has no pressures from the state.

Mr. Fink asked if it would be more advantageous to contract a CPA rather than hire one, and Mr. Dyer said no, he wouldn't say that.

Recess: The meeting recessed at 1:45 p.m.

Legislative Mr. Hohman called the meeting to order at 1:55 p.m. and John Elliott,
Affairs

Executive Director, Legislative Affairs Agency, was present to testify. Mr. Warwick joined the meeting.

Mr. Elliott stated the Legislative Affairs budget has not been approved by the new Legislative Council and he anticipates changes when the new Council is appointed. The budget is based on a 120-day session, which may be changed to reflect a 90-day limit. Per diem for legislators, however, is based on 90 days. The salaries for 58 legislators are listed at \$522,000, with the Speaker of the House and the President of the Senate listed separately for a total of \$632,900. A decrease of \$240,000 is due to an internal transfer of funds of the Legislative Special Allowance. The temporary employees are estimated on the basis of last year's salaries, but the Joint Rules Committee has not met to finalize salaries; also the estimates were figured on the basis of 79 employees hired last year and 93 are now employed.

100 Four new positions have been requested for the Legislative Affairs Agency at the direction of the Council to staff new offices in Anchorage and Fairbanks. The offices would be branch offices for the benefit of legislators and their constituents, maintaining general information, journals, bills, etc. for distribution upon request. A temporary employee is now at the Fairbanks office on

an experimental basis, set up in the Chamber of Commerce office. A record will be kept of phone calls and inquiries to see how much business has been generated.

In response to a question concerning unfilled positions, there are four vacancies on the permanent staff at the present time. One attorney slot has been vacant for a year, and has not been filled because Mr. Elliott did not feel it was needed at the time. The new position of a budget analyst had not been filled, and then in December, according to Mr. Elliott, the then House Finance Committee chairman requested that it not be filled because of the possible reorganization of the fiscal staff. The secretarial position has been vacant since January 1, and the other attorney position has been vacant since December 18. He hoped to fill two of these positions soon. Mr. Elliott also noted that on the request in this year's budget (FY 1971-72) he would not ask for the new position of machine operator since he felt it could be done on a contractual basis as the need for help arises.

200 The excess baggage allowance for legislators was raised from 100# to 500#, resulting in an increase. Mr. Wright questioned per diem costs outside Alaska and Mr. Elliott said travel funds to the National Legislative Leadership Conference in Salt Lake City were included since there was a possibility the 1972 conference would be held in Anchorage. Mr. Elliott believes this has now been changed, however, to another city. Mr. Hohman asked for a breakdown of funds allocated to the Legislative Council and to the staff to ascertain how much money is going to each.

300 Legislators' Special Allowances increased by \$171,000. The balance of the account includes fees for reporting services, provided by Mildred Meiers, Hansen and Don Smith, and publishing Alaska Statutes. A breakdown of charges was requested by the finance committee.

400 Food for Human Consumption requests \$4,600 for the legislators' lounge.

There is a decrease of \$37,000 in Equipment since a camera and a multilith machine were purchased last year for the print shop. Purchases this year include equipment for the Anchorage and Fairbanks offices, if approved.

800 A contingency fund of \$55,000 had been requested by the Free Conference Committee last year and approved by the Governor's allowance in this year's budget request, although previous amounts of \$25,000 in F.Y. 1969-70 and \$55,000 in F.Y. 1970-71 lapsed.

900 \$4,200 for data processing in the Inter-agency Charges account will be deleted since data processing is fully funded from the General Fund at the present time.

Mr. Fink requested additional copies of the budget books from Budget & Management, and would like one for each member of the finance committee.

Mr. Elliott again stated when the new Legislative Council is appointed, they may change the budget. He will provide a copy of the revised budget to the finance committee.

Mr. Degnan left the meeting at 2:30 p.m.

Mr. Haugen asked Mr. Elliott's opinion of the bill for Council Interns and Mr. Elliott said he is personally in favor of the legislation. Mr. Elliott has been requested to develop a cost estimate on the internship bill and will work one up.

Mr. Hohman questioned the bill to bring high school students to Juneau and Mr. Elliott said he is opposed to this bill as written. The bill reads the director of the agency should be responsible for travel, food and housing for each student. Since one student may attend from each high school, and there are over 200 schools in the

state listed as high schools, it would be impossible to administer.

Adjourned: The meeting adjourned at 2:35 p.m.

After Recess
1:30 p.m.

Present: All members. Emery W. Chapple, Jr., Commissioner; Pat Wellington, Deputy Commissioner; Gordon R. Nelson, Director, Division of Technical Services, Department of Public Safety; Myrton Charney, Director; Rich Guthrie, Budget Analyst, Department of Budget & Management.

Public Safety
Mr. Hohman called the meeting to order and asked for a general statement on the budget for the Department of Public Safety. Captain Nelson said he did not prepare the budget, but in reviewing it he noted four basic areas of increases: salaries and benefits; overtime for Alaska troopers; new positions; and the Criminal Justice Information System. Mr. Wright questioned the LEAA program and Captain Nelson distributed copies of a memo explaining the program (see department file). A Clerk Typist III has been requested for this program, which was initiated last year by Federal funds and is an on-going program. Mr. Wright asked the number of authorized troopers and Captain Nelson said 174 positions are filled. 193 were authorized by the legislature last year, but 14 were not funded. Public Safety hopes to receive the funds this year for a total of 198 troopers (addition of five this year). Mr. Wright noted the \$750,000 for overtime and Captain Nelson said the troopers have worked thousands of hours of overtime without compensation. This year the Department of Administration notified Public Safety the troopers would be eligible for time and a half for overtime effective December 15, and projections are based accordingly. Mr. Wright asked for a detailed breakdown of authorized troopers, the

number presently on duty, and the vacancy factor by month, which Captain Nelson will provide to the finance committee. Discussion followed on how overtime could be controlled and Mr. Chapple said people expect service 24 hours a day, seven days a week. When only one trooper is on duty in a remote area, overtime of course results. Sometimes it is cheaper to pay overtime than it would be to add another trooper. Mr. Chapple said there is a split in the department but he personally believes troopers should be upgraded one salary range and be ineligible for overtime. Mr. Chapple feels it would be good for morale and cut down on paperwork, and wants a poll taken to see how the men in the field feel.

Mr. Haugen asked if the Department of Public Safety was aware of program budgeting and whether they could revise their budget in line with this concept. Captain Nelson said he was aware of program budgeting and personally was in favor of it; however, he doubted if it could be included in this year's budget. Mr. Chapple said time was necessary in order to revise the budget, and he hoped to be able to present a different budget next year, pulling policemen out of menial tasks which could be handled by personnel of lower salary. The department, however, would cooperate with any request the finance committee may make this year.

Mr. Fink questioned the increase of 30 positions, 5 troopers and 25 support personnel, and Mr. Chapple said there is a need for support personnel. Returning to the problem of 14 troopers not funded last year, Mr. Haugen asked if the salary increase granted last year used the funds normally allocated for new positions, and Captain Nelson said this was a factor.

In answer to a question by Mr. Fink, Mr. Chapple said troopers can not provide the same level of service as do city police since they have a smaller force, but cover highway traffic, search and rescue, and criminal activities in all areas outside the jurisdiction of the metropolitan police.

Mr. Fink asked if the Criminal Justice Information System would benefit Alaska and Mr. Chapple said it will be a savings in cost and an increase in efficiency. He did note that it must work within the area of reality and they must keep their feet on the ground. Captain Nelson added he did some preliminary work on the program with the Criminal Justice Agency and the basic intent is to augment law enforcement by services available from other agencies. There are ten major categories, including police, court system, attorney general's office, corrections, etc., aimed at a total system. If organized crime is operating in Alaska, this program will aid in detecting it. Records will be collected and maintained on a joint records system. It is programmed in the present five-year plan for the Federal government to put in \$150,000 each year, with the state adding \$100,000 each year, on a 60/40 basis. Hopefully it will be an on-going program when the Federal government no longer contributes, but Captain Nelson cannot estimate what it will cost to maintain four years from now. On the general subject of Federal funds, Captain Nelson feels if state funds are to be match by Federal funds and the Federal government doesn't contribute, the state funds not matched should be returned. Mr. Fink asked if any money will lapse from the F.Y. 1970-71 budget and Captain Nelson said no, in fact another \$600,000 is estimated

as necessary for Personal Services in order to get through the year. Mr. Charney said the Department of Administration requested estimates from each department as to the amount of money necessary for salaries for the balance of the year since they anticipated funds running out when the general salary increase and the new overtime policy were put into effect. Administration had requested funds to allocate to the departments on the basis of need and the salary increase and overtime information was requested to determine which departments are short of funds. An average of 7% in salary increases was granted to state employees last year. Overtime and employee benefits brought the total increase to a higher percentage, and the committee thought salary increases should be projected to include employee benefits in order to present a more realistic picture. Discussion followed on the overtime problem in the Department of Public Safety and Mr. Haugen said three or four times as many positions need to be added to cut overtime completely, since the work must be done when the work is there.

Recess: The meeting recessed at 2:45 p.m.

HOUSE FINANCE COMMITTEE MEETING
February 4, 1971
1:30 p.m.

Present: All members. Mr. Tom Kelly was also present.

Mr. Hohman called the meeting to order and introduced Mr. Kelly to the committee members.

Mr. Kelly said that the National Academy of Sciences was preparing voluminous reports regarding the Alaska Earthquake. The Academy was at an impasse on publications of these volumes and Mr. Kelley's proposal was that the legislature subsidize \$100,000 to complete publication of these volumes. This would be put on a revolving fund and would be repaid out of the sale of these volumes within a three year period after the last volume is published. Mr. Kelly said these are five hundred page documents. He said the National Science Foundation had been approached last fall to provide funding but as yet they have not responded. Mr. Kelly stressed the importance and usefulness of these volumes. In answer to Mr. Haugen, Mr. Kelly said the volumes cost \$300 a set. The committee discussed this proposal and Mr. Haugen requested that Mr. Kelly provide the committee with a written request and the committee would give this further consideration.

Recess: The committee recessed at 1:40 p.m.

accomplished in this field at the present time. Mr. Brundin elaborated by telling about the SOS Program (Special Orientation Services), which is designed to help students from the bush, who are unable to compete with students in the urban schools, through remedial and orientation programs to reach a level where they can compete "toe to toe". The program has been successful on lowering the native student dropout level and they are anticipating an even greater improvement.

Senator Rettig expressed concern over where to best apply the state dollar and asked for an opinion on where education monies should be spent. At the secondary level? At the University level? Dr. Haynes remarked that the Board of Regents is primarily concerned with higher education, and so can't put emphasis on secondary education. He added that they had to make their budget meet the requirements for higher education. Sen. Rettig remarked that perhaps it was an unfair question to put to them.

Sen. Rettig noted that the budget request of \$8,800,000 reflects 52% increase over the current authorization. The Governor has reduced that to a 34% increase. The overall original budget reflects a 20% increase over 1971. He asked if the University prepared its budget keeping in mind the problems of the state.

Mr. O'Neill answered that the responsibility of the Board of Regents is to bring to the legislature the needs of the University of Alaska and then the legislature can cut it according to the needs of the state.

Sen. Rettig mentioned the report that the Governor released regarding the holding up of the pipeline and the effects it would have on the state.

Sen. Rettig asked if the University has made projections for the next 5-10 years. Mr. O'Neill said no, except for capital projects which they have forecast on a five-year basis.

Sen. Rettig asked if they feel any necessity for looking beyond the immediate year to expansion of the next years, and Mr. O'Neill said that in their present approach in program planning, they are beginning to get into this area so that in another year they will be able to project more accurately.

Sen. Rettig asked if they have any rough projections for planning in the next few years, and Mr. O'Neill answered no; Dr. Wood mentioned that they do have enrollment projections for coming years which could be interpreted in dollars.

Mr. Byrd said that a computer program for projecting into the future, up until 1980-81, has been set up, but that it is tentative, and the figures used are only for illustrations of the method. He said that the program needs refinement, but is, at least, a start for future projections.

Sen. Rettig asked if there were any figures available to show how past budget requests have compared with the actual allocations.

Mr. O'Neill replied that for 1964 they requested \$5,638,000 and received \$5,300,000; for 1965 they requested \$6,600,000 and received \$6,000,000; for 1966 they requested \$8,000,000 and received \$7,300,000; for 1967 they requested \$9,700,000 and received \$8,600,000; for 1968 they requested \$11,600,000 and received \$10,400,000; for 1969 they requested \$14,400,000 and received \$11,800,000; for 1970 the difference was approximately \$2,500,000, although he didn't have the exact figures. Mr. O'Neill then pointed out how carefully and thoroughly the budgets are gone over by the University--the departments go over them, the Board of Regents then reviews them,

and makes policy decisions, and at no time have they ever put into the budget anything except those types of monies that will progress and advance the University.

Sen. Rettig asked if the University would be able to cope with the adjustment that will have to be made if the pipeline is held up a year or two, and Mr. O'Neill replied that when you get an appropriation for less than asked for, the departments have to go back and prepare a working budget. Whatever they get, they have to work within, and the University has to decide where that money will be spent. Some areas would have to be cut back. One area that he felt had already been cut back too many times is salaries. Since this can't be cut back any longer, other areas must be. Another one often cut back on is maintenance. He hastened to assure the committee that the primary interest is whatever is best for the students of the University.

Mr. Warwick said that there is a somewhat indirect appropriation proposed for Alaska Methodist University, and he found it hard to justify appropriations for AMU when they are offering many of the same classes as the University of Alaska, and he wondered if it would be possible for AMU and U of A to cut out duplication of courses and work more closely.

Mr. O'Neill replied that the two universities have been working together--that there is and has been a cross-firing of registration of students--cooperation is good, and he feels that they can develop this further to reduce duplication wherever necessary. He noted, however, that the University has taken the stand for years that they cannot, as a policy, refuse to offer a course if people demand it of them, just because the private university is offering it.

Mr. Fink referred to the supplemental Mr. Warwick had mentioned, and said that he had gotten the idea that the student in Anchorage wanted to go to AMU rather than the U of A. This would allow him to do so without any additional cost. He wondered if this would take students away from the community college program. Mr. O'Neill remarked that a private university subsidized by taxpayer's money was unconstitutional, and that they could not support such a bill. He added that the U of A was not interested in taking something away from AMU, as they certainly couldn't handle all of the students by themselves.

Mr. Fink asked if it was felt that the state is aiding higher education by this program in the state. Mr. O'Neill replied that he didn't feel the state was really doing a service to AMU. Dr. Wood remarked that he felt there was great value in having both private and public state schools available to people. He said that how to achieve this, with the rising cost of education in the private sector, is exceedingly difficult. He pointed out that the equalization of fees would not guarantee that students would choose to go to a public or private school. The part of the bill that is intended to aid the institution per se is one in which you do run into a question of constitutionality. However, he felt contract arrangement could be worked out, although he thinks it should first be studied and compared to what other states are trying to do, such as an analysis of New York and Illinois. He mentioned that in the bill aid to institutions and aid to students are confused.

Mr. Fink asked if this contract program with AMU slows down development of the Anchorage Community College, and Mr. O'Neill said no.

Mr. McFarland said he thought it would have an effect. A good example of whether or not a contract could work is AMU's nursing pro-

gram which is going under since they can't afford it. He feels this is a good program and would like to see the U of A take it over on a contract basis, using the teachers and facilities at AMU. He noted that for the U of A to undertake the program on their own would be a very expensive proposition.

Dr. Haynes noted that the class has about 35 students--with 4 faculty and a dean--and they are in need of doubling this, which would up the cost.

Mr. Fink referred to the model and said when it was talked about earlier, a figure of 15 hours for a full-time student was stated.

Mr. Martini explained that in determining staffing ratios, it must be related to some measurable factor, and in this case they related it to the number of bodies in the class. The 225 figure does indicate that at the freshman/sophomore level class is 15 students, but the mean of the junior/senior and graduate levels are considered class size shrinks.

In response to questioning by Mr. Fink, Mr. Theophelis stated that the norm that they're working on at the college is three classes a week, usually meeting 3 or 4 times a week, so that there are about 9 classes in the course of a week. In addition, preparation time, as well as counseling, has to be considered.

Mr. Fink asked how long classes are, and Mr. Theophelis said that they are normally 50 minutes.

Mr. Byrd referred to the model and noted that it doesn't make much difference what particular measure or element one puts into the model. What makes the difference is that the same measures or elements are applied each year.

It was noted that in the booklet there are different model approaches--one for Anchorage Community College, one for the main campus, and one

for dealings in other areas.

Dr. Wright requested that cost figures for students at community colleges, excluding the Anchorage Community College and the main campus, be sent down. This was agreed on.

Mr. O'Neill invited the members of the committee to feel free to write or call if they had any questions at all. He also requested that the members make themselves available for the seminars that the University holds yearly as they are very informative.

Dr. Ray cited many instances of advantages that are available to the University if funds are available to contribute to outside sources that are willing to pay for the bulk. He warned against letting these opportunities pass as there would not be a second chance.

Senator Hensley further questioned the steps the University would take should their pupils be added/^{to} and their budget cut.

Dr. Wright requested that the University send a budget request based on no increase in program--only the cost of living increase. Mr. O'Neill agreed to furnish him with this.

Sen. Palmer asked if there is any measurable difference between the statements at the main campus and the community college--any difference in attitude, for example. Dr. Haynes said that a clue to the difference is that most of the teachers would prefer to teach at the community colleges, as they find the students more interested and in tune with what is happening.

Adjournment: Meeting adjourned at 2:30 p.m.

STATEMENT OF PROGRAM

University of Alaska

Oper. Program _____
 Activity _____
 Function _____

For the Fiscal Year Ending June 30, 1972

Reg Cost	<u>1969-70</u>			<u>1970-71</u>			<u>1971-72</u>		
	<u>SCH'</u>	<u>Factor</u>	<u>FTE Fac</u>	<u>SCH</u>	<u>Factor</u>	<u>FTE Fac</u>	<u>SCH</u>	<u>Factor</u>	<u>FTE Fac</u>
100/200	16,871	÷ 225	74.98	20,650	÷ 225	91.78	23,849	÷ 225	106.00
300/400	5,760	÷ 135	42.67	6,761	÷ 135	50.08	8,182	÷ 135	60.61
600	<u>1,138</u>	÷ 50	<u>22.76</u>	<u>1,240</u>	÷ 50	<u>24.80</u>	<u>1,711</u>	÷ 50	<u>34.22</u>
Total	<u>23,769</u>		<u>140.41</u>	<u>28,651</u>		<u>166.66</u>	<u>33,742</u>		<u>200.83</u>
<u>High Cost</u>									
100/200	1,946	÷ 105	18.53	2,298	÷ 105	21.89	2,911	÷ 105	27.72
300/400	1,228	÷ 90	13.66	1,476	÷ 90	16.40	1,614	÷ 90	17.93
600	<u>349</u>	÷ 50	<u>7.00</u>	<u>382</u>	÷ 50	<u>7.64</u>	<u>328</u>	÷ 50	<u>6.56</u>
Total	<u>3,523</u>		<u>39.19</u>	<u>4,156</u>		<u>45.93</u>	<u>4,853</u>		<u>52.21</u>
Total	27,292		179.60	32,807		212.59	38,595		253.04
Man Years			134.70			159.44			189.78
90% - Man Years			121.23			143.50			170.80
Actual - Man Years			<u>122.39</u>			<u>143.25</u>			<u>164.31</u>
90% - FTE Faculty (9-mo Equiv) Model			161.64			191.33			227.74
Actual - FTE Faculty (9-mo Equiv)			<u>163.19</u>			<u>191.00</u>			<u>219.08</u>

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University of Alaska
Computation of Model
Instructional Colleges

	<u>9-month</u> <u>Equiv Staff</u>		<u>7 Comp</u> <u>Universities</u>	
Professor	25.33	x	20,140	510,146
Associate Professor	57.15	x	14,262	815,073
Assistant Professor	82.69	x	11,617	960,610
Instructor	14.83	x	9,213	136,629
	<u>180.00</u>		<u>13,458</u>	<u>2,422,458</u>
	at	125%	16,823	

	<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>
Average Faculty Salary - Univ of Alaska - Actual	<u>14,140</u>	<u>15,393</u>	<u>16,481</u>
Average Salary at Average of 7 Comparative Universities, plus 25%	16,823		
Parity Salary - 90% of Average Adjusted Comparative Salaries	15,141		
Percentage Increase Required to Bring U of A Faculty Average Salary to Parity	7.08%		

Faculty Salaries:

Base Year Amount at 100% Parity	15,141	
Estimate Faculty Salary Level with Increase 1970-71 Average Salary Adjusted for Model	105%	
	<u>15,898</u>	15,898
Estimate Faculty Salary Level with Increase 1971-72 Average Salary Adjusted for Model		105%
		<u>16,693</u>

University of Alaska
Computation of Model
Instructional Colleges

(continued)

	<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>
<u>Support Staff Salaries:</u>			
Base Year Amount per FTE Faculty (1969-70)	3, 583	3, 583	
Base Year + Annual Increase		106%	
Model Average per FTE Faculty		<u>3, 798</u>	3, 798
Budget Year + Annual Increase			106%
Model Average per FTE Faculty			<u>4, 026</u>
<u>Other Support Costs:</u>			
Base Year Amount per FTE Faculty	<u>2, 456</u>	2, 456	
Base Year + Inflationary Rise		106%	
Model Average per FTE Faculty		<u>2, 603</u>	2, 603
Budget Year + Inflationary Rise			106%
Model Average per FTE Faculty			<u>2, 759</u>
Total Supporting Costs per Model	<u>6, 039</u>	<u>6, 401</u>	<u>6, 785</u>

	<u>1970-71</u>		<u>1971-72</u>	
	<u>Model</u>	<u>Budget</u>	<u>Model</u>	<u>Budget</u>
Total FTE Faculty	191.3	191.0	227.7	219.1
Average Salary	15,898	15,393	16,693	16,481
Amount	3,041,287	2,940,012	3,800,996	3,610,592
Support Costs per FTE Faculty	6,401	6,666	6,785	7,916
Support Costs Amount	<u>1,224,511</u>	<u>1,273,246</u>	<u>1,544,945</u>	<u>1,734,296</u>
Subtotal	4,265,798	4,213,258	5,345,941	5,344,888
% of Model		99%		100%
Non-recurring Costs	<u>75,000</u>	<u>75,000</u>	<u>195,000</u>	<u>195,000</u>
Total	<u>4,340,798</u>	<u>4,288,258</u>	<u>5,540,941</u>	<u>5,539,888</u>
% of Model		99%		100%

HOUSE FINANCE COMMITTEE
February 20, 1971
8:10 a.m.

Present: All members with the exception of Messrs. Degan and Haugen. William R. Wood, President; Harold Byrd, Budget Officer; D. R. Theophilus, Academic Vice President; Lewis E. Haines, Provost, South Central Region; Jerold G. Sorensen, Director, University Relations; M. M. Hullinger, Vice President, Finance, and Comptroller; University of Alaska. Walt Norem, Budget Analyst, Budget & Management.

University of Alaska Mr. Warwick called the meeting to order and Dr. Wood introduced the representatives from the University of Alaska.

Mr. Warwick questioned the full time equivalent costs which Mr. Byrd explained were listed on pages 1, 2 and 3 of the Budget Appropriation Request and also included in the detailed statement sent to the committee by the university (see department file). The full time equivalent costs are figured on the total number of credits carried and cover the period 1965-66 to 1970-71. Direct costs are listed, then other costs of the university are distributed over the direct costs for the final figure. At the request of the committee, Mr. Byrd will provide the detail and the worksheets used to arrive at the final full time equivalent costs.

Mr. Warwick noted the \$27 million fund sources figure and asked what was included. Mr. Byrd answered auxiliary enterprises make up a part of this total, such as the book store and housing system. Excluded are self-supporting organizations with no cost to the state. Dr. K. M. Rae, Vice President, Research & Advanced Study, University of Alaska, and Mario Marini, management consultant, joined the

meeting at 8:25 a.m.

Mr. Byrd explained his last statement was misleading and the costs for self-supporting operations have been distributed to instructional services for simplicity in accounting. All costs the university sustained last year were included to demonstrate the overhead costs. Mr. Warwick asked if a head count was taken of students and Mr. Byrd said yes, both full time and part time were included, and he repeated he would send the worksheets to the committee to show how the figures are broken down. Dr. Theophilus added 2,225 is the number of students at the main campus only, listed as such for the year 1969-70.

Mr. Warwick asked if a full time equivalent basis were used, how would this affect the unit cost per student. Mr. Byrd said it would go up sharply, especially for the community colleges. All colleges are growing rapidly.

Mr. Fink noted the Anchorage area lists three units and Mr. Byrd said the community college act compels them to maintain the community colleges separate from the main campus. The central office coordinates all the figures, but a separate record of student credit hours is maintained, and must be separated under the law. Dr. Wood said they expect the University of Alaska at Anchorage to be the "senior" college and other community college units will feed into it, but each will retain its own identity. It is hoped to bring all the community colleges into the central college, once land and facilities are available at Anchorage. Classrooms and office buildings have been requested in the capital improvements budget, according to Dr. Wood, and he believes this to be the No. 1 priority for the next session. Mr. Fink said he is in favor of taking education to the people, but

where is the break-off point. Some areas listed have only two or three full time students. Dr. Wood said some are extension courses or correspondence courses, or possibly a series of lectures. Some of the community colleges are not community colleges in the sense of having a full program of academic studies. It is a service provided by the university; partially class work, partially vocational training. Mr. Haines added the Anchorage community college has grown and classes are conducted in high schools after hours. A full school program is offered in Anchorage up to a Master's degree and the university is currently working on a program leading to a Doctor's degree in philosophy.

Dr. Wood asked Mr. Wright the number of teachers in the Anchorage school system and Mr. Wright said 1,600 to 1,700 teachers, picking up about 200 or 300 a year. Next year there will be roughly 2,000. Dr. Wood said this in itself creates a need for higher education since there is a demand from the teachers for certification courses. Mr. Wright said there is currently some degree of reluctance to vote for more bonds for another building at Fairbanks, and asked what percentage of administration is handled at the main campus. Mr. Byrd started on a breakdown of administration costs by subject, but Dr. Wood interrupted him and said this was not the information requested by Mr. Wright. Dr. Wood said a great proportion of administration is centered at the main campus, which provides service for the community colleges.

Vocational education was questioned by Mr. Wright, and he asked for the dollar amount spent for vocational education throughout the year in order to compare the figure with the amount spent on academic subjects. Dr. Wood said they had been trying to get this figure for

Mrs. Chance and are in the process of putting together the figures received from the community colleges. Dr. Wood believes the figure was \$2.8 million (spent during the current year), which is not part of the university's budget since the university merely provides the administration. Some vocational education funds go through the public schools, some through borough schools, and in Anchorage they have signed an agreement for funds to go directly to the college. Dr. Wood frankly believes vocational education could be expanded three or four times; but then said his real worry is there is no employment available for graduates, either locally or throughout the state. This results in frustrated individuals who take the course with the expectation of getting employment and there is none available. Mr. Fink noted this is in direct contrast to the information given by Mr. Ridle of Vocational Education and Dr. Wood said the courses must be matched with actual employment possibilities. Mr. Wright requested information from the university on the dollar amount if tuition was removed from vocational education courses, or if it was put on a parity with an academic program. Explain the fee schedule comparing a student enrolled in an electronic course versus an academic course, and list how many students in vocational education and how much it would cost. Dr. Wood said this report should be ready by the end of next week.

Mr. Fink asked if the university has complete authority to put money received from bonds into any area and Mr. Byrd answered they look at bond propositions and try to ascertain the intent. In all cases, the point of intent is almost identical with what the university presented. Mr. Byrd said they have felt bound by that, and if a different

statement of intent was received from the governor or the legislature, the board of regents would consider the matter very seriously.

Mr. Haugen arrived at the meeting at 9:00 a.m.

Dr. Wood added it would be a violation of the intent of the voters who voted for the bonds, and said the voters were careful in communities to check what facilities would be provided from bonds. It is doubtful that bonds would pass if it was not known where the funds were going.

Mr. Fink said to forget the legalities and base their opinions on need. Do the representatives from the university feel there is a greater need to spend funds at College or in the community colleges? Dr. Wood said the need is equally as great. The problem at Anchorage has been rather difficult. The attitude in Anchorage 5 years ago was such that the university could not get a campus there; now it is exactly the opposite. He added they should keep total education for the state in balance, and just as fast as the state can afford it there will be construction at Anchorage.

Mr. Fink then asked about the \$3.5 million for student housing and wondered where the students were now. Dr. Wood said they are living in sub-standard housing, and most colleges provide housing both for single and married students. Dr. Theophilus said of 2,573 students, 821 are married. The married students are more mature, more stable, and there is a demand for housing for them. In answer to a question from Mr. Wright, Dr. Theophilus said all residents must be full time students. Mr. Fink asked if the rents were adequate to retire the debt, and Mr. Byrd answered they don't pay the bond debt. The rents will be put into the housing system and will retire the debt of the

housing system. All buildings are put into the housing system and revenues are used to pay the debt of bonds to finance other buildings. Mr. Fink noted a request for the campus center in the budget, which he believed was to be paid for by student fees. Mr. Byrd said 25% of the student fees are allocated to the retirement of debt service on student facilities. When fees are collected, all are regarded as income and 25% is regarded as a payment to the debt service account. Dr. Wood said this is restricted to one campus, and only the fees from the main campus are used, which don't quite meet the bill. Mr. Byrd said the students imposed upon themselves an additional fee of \$15. Mr. Warwick requested the university provide detailed information on the modular complex, including square footage of the building, the number of apartments, and the current cost to date on the one in existence. A floor plan could be furnished also, said Dr. Wood. Mr. Warwick also requested the cost of the audit performed by Peat, Marwick & Mitchell.

Mr. Warwick then asked the tuition paid by out-of-state students and Dr. Wood said they pay \$150 for semester for 12 credit hours in addition to the regular fee of \$100. Mr. Byrd listed the sliding scale of tuition fees based on credit hours: 7 hours - \$25; 8 hours - \$50; 9 hours - \$75; 10 hours - \$100; up to \$150 for 12 hours. Mr. Warwick noted that generally out-of-state fees are considerably higher and Dr. Wood said they don't get a high proportion of out-of-state students. About 20-25% come from outside the state, from 49 other states and 23 foreign countries. Mr. Fink asked how many Alaskans go outside the state to college and Dr. Wood answered 4,000 students graduate from high school, about 55% enter college, ultimately another 5% enter, of that number the U. of A. gets about 51%. Reciprocity with other

state universities was questioned and Dr. Wood said previously there were agreements with Oregon, Washington and British Columbia, which had since been voted out by the various states. The only reciprocity agreement still in effect is with Hawaii. Mr. Wright asked what percentage of students are in the non-resident category due to moving to Alaska within the last year, and Dr. Wood said he did not know. However, he added a very high percentage stay in the state after graduation.

Mr. Fink questioned housing provided to the staff and Dr. Wood said there are about 70 units, ranging in rent from \$167.50 for a one-bedroom to \$340 for a larger unit. Mr. Hullinger added there is a limitation of three years per occupant, which will open up four houses this year for incoming faculty. Answering further questions from Mr. Fink, Mr. Byrd said the amortization is based on 40 years.

Mr. Fink then asked about the percentage figure of .83% on a position required. Mr. Byrd said the state requires the university to list positions on a full year basis, and .83 means a 10-month position earning \$1,900 per month for a total of \$19,000 per year. Most positions are listed as 9-month jobs, but department heads are appointed on a 10-month basis.

The projected cash flow for the next couple of months was questioned by Mr. Warwick, but Mr. Hullinger said they work on a daily basis. Mr. Warwick noted the university could assume payroll and other expenses, and could work up a figure. He questioned the request for a \$1 million loan from the state and asked how this figure was arrived at. Mr. Hullinger said this was based on his experience in working for the

university as the amount needed to keep fluid in order to pay bills. In the past year the university had to borrow three times from the state as an advance of their appropriation. There is a severe cash problem since they receive 1/12 of the year's budget on July 1 and monthly payments thereafter on the last day of the month. This gives two payments in July and none in June. A tremendous number of expenses occur early in the fiscal year to get everything ready for the students' arrival in September, and there is not enough money left to cover the payroll in June. Mr. Hullinger continued his explanation by saying they can't borrow from the next fiscal year until July 1, part of the problem is a lag in Federal funds, and the supplemental is the only answer he can think of.

Recess: The meeting recessed from 9:45 a.m. to 9:55 a.m.

Mr. Warwick called the meeting to order after recess and Mr. Wright brought up another request in the area of vocational education. The finance committee would like to know how much money is necessary in order to grant loans to vocational education students.

Mr. Fink noted there was not much money in the room scholarship program and Mr. Byrd said the top student of each high school in the state would be entitled to receive free room. The Alaska Native Scholarship is awarded to 15 natives, based solely on need, and is a sum necessary to pay their expenses. The BIA handles a portion of this and the balance is taken care of by the university.

Mr. Wright returned to the question of the supplemental and asked what the university would do if they didn't receive it. Mr. Hullinger said there is a quota to various departments on what they are allowed to spend and new appointments and capital expenditures have been frozen.

There is an effort to shrink expenditures, since any carry-forward will come from next year's budget. Mr. Wright said they should take the budget figure, crank in the cost-of-living increase, plus the deficit, for next year's budget. Dr. Theophilus replied that assuming they get the projected increase in enrollment, there would not be enough funds. They would have to cut off classes and at some point cut off admission. Mr. Wright argued they could provide for the expansion of students, but not fund other improvements and facilities. Mr. Hullinger said operating facilities' fixed costs are rising - insurance, employment costs, etc. He believes there is a bill now pending which would put the university under the federal unemployment insurance act, which he roughly estimated would cost an additional \$140,000. This figure is not even requested in the budget. Mr. Wright said budgets will be cut, not just the university but the entire state. Priorities of programs were discussed and Mr. Byrd said the university would lose federal funds if the state does not participate in certain programs; Mr. Wright is not opposed to a priority system but not based entirely on federal funds.

Mr. Fink mentioned that bills have been introduced to put non-professional people at the university under the state merit system, and asked why this had been opposed by the university. Mr. Byrd answered that although there are different titles (for example, classifications of secretaries), the jobs are equivalent to state agencies' jobs and paid identical rates. However, there are many people who occupy positions that don't have counterparts in the state and the university is the only one who can determine their classification. These people are supervised by academic people and should not be subject to surveying and supervision by people outside the system.

Mr. Martini agreed with Mr. Byrd and said in his experience working in Washington he found jobs completely different from state agencies, and a certain segment of the work force can't be classified while ignoring the rest. Mr. Byrd added the university has a personnel director with an evaluator, who work on the ranking of jobs. If the state system were imposed, the staff would have to be increased. Mr. Haugen noted there were bills in for free tuition for the first two years, and asked if the university had projected figures on the cost of this program. Mr. Byrd said this was not included in this year's budget, but he had the figure of \$1,123,000 for costs. He did not believe any restrictions were included in this bill, and Dr. Rae agreed and said it would be an open admissions policy for any resident high school graduate. Mr. Haugen said he is concerned with money and these bills will create too many students who don't belong in college. He believes the university should be consulted and they could work together for guidance. Mr. Martini noted last year in his position with the Senate Finance Committee he had an opportunity to work with the university and found it advantageous to adjust the budget in conjunction with the university.

Mr. Haugen continued and said you must budget on contingencies, rather than count on federal funds which may never materialize. Loaning money to the university with no interest is a burden to the taxpayer, and the state cannot afford to put in funds when federal funds run short. Mr. Fink added the supplemental is for spending more money than appropriated, while another bill is in for working capital. Mr. Byrd said the supplemental appropriation is just a loan to cover increases in insurance, retirement benefits, etc., which increases were not

imposed until August when the university's budget was already proposed. Mr. Wright asked why they didn't go on an austerity program months ago instead of now when the money is almost gone and Mr. Hullinger said they started settling down months ago but it was not sufficient, further tightening went into effect, and if this doesn't work they will tighten further.

Mr. Wright questioned the large increase per student in Anchorage and Mr. Byrd said they have been unable to carry on with part-time help and go to full-time, with an effective increase. Mr. Haines added that more full-time students result in a proportionately lower income than part-time students.

Mr. Warwick questioned the program increase of \$237,000 in equipment and capital expenditures under Instructional Colleges. The detail shows \$120,000 to equip a fine arts building, but the balance is not explained. Mr. Byrd said new equipment in the laboratory is necessary in order to accommodate student credit hours, resulting in instructional cost increases. Mr. Warwick noted the program maintenance inflationary figures tend to differ from department to department, and Mr. Byrd said most of the funds are for salary increases to which they are committed. The balance is a calculation department by department of a 10% increase in the area of travel, a 5% increase in the cost of supplies, an equivalent 8% increase in equipment, and an 8% increase for books. He said it is a careful compilation of the increased pricing the university expects to encounter. Dr. Theophilus added the program improvement includes computer programming and equipment added in other departments. Mr. Warwick questioned the \$90,000 figure

for computer sciences and Mr. Byrd said it is to teach computer use to various classes where needed.

Mr. Warwick questioned the vacancies in personnel and Mr. Byrd said the funds have been used to offset the deficit. Mr. Hullinger added there are 8 professional vacancies and 15 non-professional vacancies. Hopefully there will be \$175,000 in savings from salaries. Dr. Theophilus said the professional positions open include a Provost and Provost Secretary and an Anthropology position. They have not been filled because the university does not find out until April or May if they have received sufficient funds to hire personnel, and by that time most of the people have been hired by other schools. Mr. Warwick asked the total amount budgeted for salaries and Mr. Byrd said \$15,331,000. Mr. Martini added most positions are under contract; in fact, they make up the largest proportion. Mr. Byrd said the biggest turnover is in the custodial staff, which must be replaced. In answer to a question by Mr. Warwick, Dr. Theophilus said the number of hours worked by each teacher is established by the deans of each department. The instructor is required to establish hours and let the students know their hours. Many of the faculty work overtime on week-ends and evenings, and it is difficult to limit work to an 8-hour day. The ratio of students to faculty is 1 to 15, compared to AMU where the ratio runs 1 to 10. The teachers are also committed to one day of consulting time. This may be done by taking a day off, with the permission of their immediate supervisor, or doing the job on week-ends or annual leave time.

Mr. Wright returned to the question of community colleges and believes there is just too large an increase. Mr. Martini said capacity must be taken into account. The addition of just one student, if the

school is already at full capacity, could increase costs considerably due to facilities and teachers necessary.

Mr. Wright said he would be in Anchorage on Monday afternoon and would like to meet with the community college director there. He will be available after 3:00 p.m.

Mr. Fink requested a work schedule for a professor and Dr. Theophilus said he will provide an average ~~work~~week schedule. Mr. Fink asked if some professors can't teach more hours and Dr. Theophilus said there is room for improvement. Discussion continued, including a statement from a student attending the meeting, who said some teachers are good, some bad, and the entire faculty cannot work at the same level.

Adjourned: The meeting adjourned at 11:20 a.m.