

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2547

2547

There was a short "at ease" at 9:13. The meeting was called back to order at 9:20 a.m.

Commissioner Lind and Mr. Cole left the meeting.

Mr. Ernie Presher said that their board is asking for a reduction in staff of 6.5%.

Mr. Montgomery restated the urgency of their problem. He said the increase in pupil teacher ratio would be the last resort. He asked that this information not be made public although he pointed out that it probably would be released when the contract is settled. He said that the figures the teachers in Anchorage will be voting on will be \$10,950 to start which is a \$600 a year increase. This will be a two year contract and is the first time Anchorage has entered into a multi-year contract.

Mr. Barber then asked about tenure. He suggested it is a monstrosity of their own creation. Mr. Montgomery said he felt that it belonged to all of them. He said the administrators do not want it and the strong teachers do not want it. He said that tenure was at one time a philosophy to take care of isolated situations. It has grown to such a point that it does "handcuff us in certain situations" Mr. Montgomery said. Mr. Jack Hayward, Superintendent from the Kenai Peninsula, said that tenure was a matter of real concern to all of them. It is a matter of better management of personnel. He suggested there were some things they might do to help. First, they could improve the certification rules. They could have a competency test based on an examination. They could also have a practical laboratory experience where a teacher could be observed by her peers. He added that they have almost as many problems with their non-tenure teachers as with tenure teachers.

Mr. Hayward suggested a third item might be to place a higher priority in supervision. He also said that the bill on early retirement would give them another tool to induce those people who are not "cutting the mustard" to retire gracefully.

In answer to Mr. Specking, Mr. Overstreet said the best research available would support findings that a teacher's effectiveness tends to increase the first five years after which it hits a plateau that lasts for 15 to 20 years. Then there is a decline. Discussion followed.

Mr. Presher told the committee that they have one teacher who is incompetent. They have documentation on this; however, their lawyer has advised them not to go to court as the man is only two years away from retirement and the attorney feels the court would be lenient toward the teacher.

Mr. Ose asked how many teachers are hired by mail. Mr. Montgomery said they have not hired any teacher by mail for at least eight years. Mr. Presher said they have hired from through the mail. Mr. Hutchens from Valdez said they have not hired any teachers in this manner for the past six years.

Mr. Presher pointed out that they have to give notice to teachers regarding their contracts on March 1. He said even if the probation period is changed to three years because of the March 1 notification this will only give them a 2 1/2 year probation period.

Mr. Barber then asked about the pupil teacher ratio that Mr. Montgomery had referred to. Mr. Montgomery said next year "the sky would be the limit." They had taken the lid off PTR. He said while it would not be desirable to increase the PTR, as a last resort they would have no other way to be fiscally responsible.

Recess: The meeting recessed at 9:55 a.m. The Chairman said the committee would continue this discussion at 2:00 p.m. today.

AFTER RECESS

2:03 p. m.

Present: All members except Representatives Ferguson, Barber, and Saylor. Superintendents listed in morning meeting.

SCHOOL  
SUPERIN-  
TENDENTS Chairman Hillstrand called the meeting back to order and said the committee would continue their discussion with the school superintendents from various areas throughout the state.

Mr. Haugen briefly reviewed the morning discussion regarding tenure.

Mr. Hillstrand asked the average increase in anticipated daily membership for the upcoming year. Mr. Case (Fairbanks) said they are looking for 150 additional students or a 1.2% increase. Mr. Presher (Ketchikan) said they will have a 0 increase. Mr. Montgomery (Anchorage) said they will have a 2% to 3% increase; however, they will also have 1,500 additional students from military bases.

Mr. Hillstrand asked how they account for the inequities of the foundation program. Mr. Montgomery said that one of the problems would be the debt service of the district. He pointed out that in Anchorage this would be slightly more than \$10 million.

Mr. Case said they are looking at a 5% increase in bid costs for maintenance. Fairbanks debt service is just over \$1 million. They also have the problem of new construction. They need to replace buildings which no longer meet the codes.

Mr. Presher said in Ketchikan there are many small schools. They have a very small turnover for teachers. He said 30 percent of their teachers are at the maximum step in their educational level (with salaries around \$15,000).

Mr. Montgomery compared the Anchorage schools now with the way they were in the past. He said there is an incentive for the students to take more classes but this costs more. He added that opening up of curriculum has had a tremendous effect on their cost.

Mr. Case said that vocational education in the Fairbanks area has had the greatest single impact on cost.

Senator Groh entered the meeting.

Mr. Presher noted that their electricity had gone up 26% at Ketchikan. Also their vandalism ran over \$20 a pupil.

Mr. Hayward (Kenai) stated that the proliferation of programs has been a cause of increase. Drivers' Education costs about \$50,000 a year. He pointed out that some schools are doing well and some are struggling under the foundation program. He said in Kenai because of the sparseness of population they are not really taken care of by the foundation program. He noted the cost in Soldovia is around \$2,300 a child.

A discussion followed on the size of the classroom. Mr. Hillstrand asked if there was some merit in being able to teach a large group of students. Mr. Hayward said he did not feel they could answer this as there has not been much research that would substantiate either a large or small classroom. He said their problem is that common sense tells a mother that if her child is in a class of 40 students he is not receiving proper attention.

In answer to Mr. Hillstrand, Mr. Presher said in Ketchikan there is a 5%-6% turnover and he did not believe the statewide figure would be over 8%.

Mr. Case said they expect a turnover of about 100 teachers out of 420. This means an 18% turnover but this is mostly in the first eight years. They have 40% of their teachers at the terminal position.

Mr. Hillstrand then asked about uniform construction. Mr. Case said his personal opinion is that he believed in the package concept. Mr. Montgomery said they reutilize the use of building plans whenever possible. Mr. Hayward said he was not greatly opposed to having similar buildings but he did feel there was some progress in working with kids through designs of buildings. Mr. Hutchens from Valdez said they have to design a school for his particular area. He said the concept of a package is fine as long as it takes care of the severe weather conditions.

Representative Barber entered the meeting.

A discussion then followed on early retirement for teachers. Mr. Overstreet said he was sure there would be people of all degrees of ability who might

wish to retire; however, generally a good teacher is happy doing what they are doing and they feel this teacher will stay.

Mr. Hillstrand then asked if a reduction of personnel would also take place at the top levels. Mr. Montgomery said his reduction would occur at all levels. Mr. Case said they had lost an assistant principal on a budget change. Fairbanks had three directors whose jobs were consolidated. Mr. Case said they started out with budget cutting at all levels.

Mr. Hayward said he would like to give a "little pitch for management." He said in their district management is 3.5% of their budget and he thought the range in the state is 3% to 4%.

Mr. Montgomery then spoke on the difficulty in managing high schools. He said there would be no cuts on this level in his district.

Mr. Hillstrand then asked for an expression from the superintendents on bilingual education. Mr. Overstreet said this would be of greater concern in State-Operated Schools. As a general rule youngsters attending district schools are not bilingual. Mr. Leath (Nenana) said in his school 55% of the students are native and they do not have a single student who speaks the native language. Mr. Case said their only problem is with boarding home youngsters and they work with them in adaptation but this is not language per se. Mr. Presher said he felt that parents want their children to participate in the caucasian society. Discussion followed. Mr. Presher stated they would support the Department of Education in their thinking that some changes are necessary in this regard.

Mr. Hillstrand then asked about the use of the school buildings for non-educational functions. Mr. Case said the School Board at Fairbanks has accepted this concept. There was a general agreement among the superintendents that they liked this concept but the funding did not generate a lot of support.

A discussion then followed on vocational education. Mr. Montgomery said in Anchorage they have never had a strong vocational program. He added that the reason they have not gone into this program until the last couple of years is purely financial. The funding for vocational education is more expensive. Mr. Case added

that they have found expenses based on adult FTE runs about \$600,000 more than the anticipated revenue.

A discussion then followed on the drug problem. Mr. Montgomery said this is a problem area in any school -- they have daily occurrences of violation. Anchorage is trying to make their staff as knowledgeable as possible. Mr. Haward suggested the answer would be "better parents." Mr. Byrant (Elmendorf) said their drug problem peaked about three years ago. He said it has become less of a problem partly because they have done a better job of informing the kids. Mr. Bryant added that his personal solution would be a mandatory punishment for the "pusher" -- a punishment the judges and probation officers could not tamper with. This was briefly discussed.

Mr. Hillstrand then asked about special education for children who are mentally or physically impaired and the idea of starting these children in programs at age three. Mr. Montgomery said they have no plans for this unless it is mandated. He said there might be merit to this plan but whether it is a function of the private sector, public school or the Dept. of Health and Social Services has not been decided. He pointed out if it does become a function of the school, funds should be provided as it will be expensive. Mr. Hayward said that he had noticed legislation that says they will test all pre-school kids. He said he found this objectionable. If this were permissive, he could follow the reasoning but to go out and find and test all these children is a "bad deal." He said it was hard for him to see how parents of the mentally retarded would come forth. Mr. Case said his school board gave partial support on this. He pointed out that it would be tremendously expensive and there is no real indication that it is a school function; however, he said there is statistical evidence which will support the view that this is the age when the most can be done for children with certain types of problems. Mr. Presher said he wondered if the security of a mother isn't more important. He said he believed that the home environment for a three year old is better as opposed to a school environment. Mr. Schulz said they had started a pre-kindergarten class with the thought it would really "go." Only half of the eligible kids showed up. He said he felt that this pointed out the type of program discussed would be difficult to manage.

Mr. Specking asked about special education for the gifted. Mr. Case said he felt programs do exist now. This is not a new concept. There are counseling programs that

generate interest. There was general agreement that there was opportunity for the gifted child at the high school level. For elementary students, the opportunities would mostly come from the teacher. Mr. Hayward said that one thing all schools are doing is attempting to individualize programs. Discussion followed.

Mr. Ose asked about the open campus. Mr. Case said he is opposed to it.

Mr. Hillstrand then spoke on the serious financial problems that the state is faced with. He said everyone has to work together to provide the answers.

Mr. Haugen then discussed the various educational programs provided by federal funds such as the Skill Center, etc. Discussion followed.

Mr. Leath spoke on CSHB 29 (including cost-of-living factor in computing state aid under Public School Foundation Program). He said that there was placed in the committee substitute a discrepancy factor of 19% for Nenana. He pointed out they buy all there supplies from Fairbanks and that this discrepancy did not exist. Mr. Specking said although he was not familar with the legislation he would agree that it would not cost 19% less to operate in Nenana. Mr. Leath said that they have little tax base to operate from and that something like this bill would make a considerable difference in the amount of money for operation.

HB 19 Discussion then followed on HOUSE BILL 19 (incentives for year-round school programs). Mr. Overstated noted that the same provisions are in SB 69 which the Senate passed last Friday. Mr. Case said the Fairbanks School Board supported this.

HB 48 Mr. Case said that HB 48 (community schools) would provide a tool for the pipeline impact in lieu of additional construction. Mr. Overstreet spoke on the successful community program at Glacier Valley School in Juneau. He explained the benefits that come from this type of program and said he would recommend this in the highest possible terms as being the best bargain available.

SB 29 Mr. Montgomery said they are opposed to SB 29 (election of commissioner of education). Mr. Case said Fairbanks is also opposed to the legislation.

HB 48

Mr. Hillstrand then went back to HB 48 (community schools). Mr. Overstreet said as the bill is written it would not require this activity on the part of the local districts. They could on the basis of an approved program apply for funding from the Department of Education.

Mr. Montgomery said that the increase in instructional units is one of their highest priorities. He said they are in agreement that this has to come up.

Mr. Montgomery expressed the superintendents' thanks to the committee for the time they had spent.

Recess: The meeting recessed at 4:14 p.m.

HOUSE FINANCE COMMITTEE

March 3, 1973

2:10 P.M.

Present: All present, with the exception of Representatives Hillstrand, Saylor and Ferguson. Josh Wright, Administrative Assistant; George White, Associate Superintendent, Administrative Services, State Operated Schools.

State Operated Schools Rep. Haugen called the meeting to order. Rep. Ose conducted the meeting, as sub-committee chairman for Education, and asked if there were any questions.

Rep. Warwick noted the pending legislation regarding State Operated Schools, and asked if the sub-committee budget recommendations took any of the legislation into account when preparing the budget. Rep. Ose said no, the budget has been drawn disregarding the proposed legislation. Mr. Wright added he had advised Rep. Beirne, Health, Welfare & Social Services Chairman, that it would not be an easy matter to revise the budget to reflect possible changes due to pending bills. In fact, Mr. Wright added, the military has requested that nothing be changed until their opinions regarding the matter have been heard. Personally Mr. Wright did not believe any changes would occur this year.

Reports were distributed to the committee reflecting the major changes. (See department file.) Mr. Guthrie stated he would answer additional questions, not covered in the report, by referring to his copy of the short-form budget, which had the complete set of sub-committee recommended figures inserted.

Mr. Guthrie explained that basically the approach was to allow cost units, or formula budgeting. The first two pages of the report illustrated what could be included in a formula - teachers, special teachers, etc. Teachers' salaries represented the largest percentage of the S.O.S. budget, or \$25 million out of \$36 million.

In classifying teachers, rural and urban schools could not be added together, as additional teachers are needed in rural schools for the number of students involved. The only way to design a formula was to admit there was a difference between the rural, urban and military students, continued Mr. Guthrie, and a formula was devised keeping this in mind.

In the intent, it was requested that formula funding be used by S.O.S. in the preparation of next year's budget, and should include such categories as maintenance, food service, etc.

Mr. Guthrie stated the Governor's budget ignored special needs, which have been included in this budget. Zero has been entered

as the recommended figure, in the event court cases come up requesting special needs. This will allow S.O.S. a guideline to be used as a defense if such cases occur.

Rep. Specking questioned special education teachers allowed this year versus those authorized in last year's budget. Mr. Guthrie replied it was almost impossible to compare last year's budget with this year's, as records are just now getting in shape. Special education teachers, working with handicapped children, should not be confused with special teachers, which include counselors, physical education, shop teachers, etc. Mr. White said 18 special elementary teachers and 28 special secondary teachers have been requested this year, none of whom will be authorized to travel.

Rep. Warwick asked how on-base schools are funded, to which Mr. Guthrie replied it is difficult to determine PL 874 funding. Mr. Cole, of the Department of Education, submits a state-wide average for reimbursement from the federal government, and claims this benefits the state. Mr. Guthrie said he was not satisfied with this procedure, and is investigating the problem.

Rep. Ferguson joined the meeting at 2:50 P.M.

The committee questioned if the report would relate to the Budget Document Supplement. Mr. Wright said it would not, as federal funding has not been included. Changes occur due to transfer of teachers and different enrollment projections, added Mr. Wright. In the military versus rural schools, military schools could be enriched due to federal reimbursement, while rural school costs are funded by the state. Rep. Warwick and Mr. Wright discussed the relative costs, and Mr. Wright noted on-base schools can be administered cheaper than rural schools due to a higher PTR.

Rep. Specking asked why the total figure was so small. Mr. Wright replied the budget could be reduced 1.8 or 1.9% because of the transfer of Elmendorf and Ft. Rich students. Also, FY 73 figures do not reflect what was actually appropriated for the year, as S.O.S. actually spent \$36 million. 1.9% was deducted and the figure was back to what was appropriated last year, continued Mr. Wright, although 300 fewer students are projected. Mr. Guthrie added the sub-committee actually recommended in addition to the Governor, and the figure should be satisfactory to S.O.S. The figures amount to \$600,000 over FY 73, and additional positions have been granted.

Rep. Warwick said the astonishing fact is their request for \$59 million. Mr. White stated many special programs were included, such as hot lunches for military schools and construction of library media centers, to bring the schools up to par.

Rep. Specking questioned library books and the need for them. Mr. White replied that in previous years many supplies were ordered prior to final approval of the budget, and no money was left for library books. \$2,000 per school has been requested, which would aid schools which are lacking in an adequate library. Mr. Guthrie clarified that this amount is not included in the operating budget, but is found in the capital budget. Mr. Wright noted \$2,000 per school is just a beginning, and a book committee is needed to aid in selection of books.

The reduction to -0- in Early Child Development, rural schools, was questioned by Rep. Warwick. Mr. Wright said much of this was Title IV money.

Rep. Warwick asked why a supplemental was requested this year, to which Mr. Wright replied no vacancy and turn-over was considered. Mr. White added this essentially was true; however, Budget & Management is attempting to withhold 47.5% for vacancy and turn-over, and S.O.S. feels this is not a true figure.

Rep. Haugen asked how much is in Bethel Regional School, to which Mr. Guthrie said the budget is not set up in such a way to identify these costs. 964 elementary and secondary students are in Bethel, and a school is requested in the bond issue as it is claimed there is a shortage of space. Mr. Wright noted Bethel did not have the number of students they anticipated last fall, and they were about 200 under the estimate. Boarding homes and dormitories were discussed by the committee, and the problems resulting from them.

The results of the formation of the North Slope Borough was questioned by Rep. Warwick. Rep. Ose replied this section was cancelled from the budget. Mr. White explained the schools will be taken over by the North Slope Borough July 1 and the buildings transferred to them in the same way the BIA transferred buildings to the state. 130 children are involved and 8 teachers, covering Pt. Hope and Anaktuvuk Pass. No new schools for this area are listed in the bond issue.

Rep. Specking asked how much state money goes towards students in Anchorage, to which Mr. Wright replied about \$1,000 per student. If the proposed budget is passed, about 26-28% will come from local sources and the remainder from the state and federal.

Returning to schools in Bethel, Mr. White said \$100,000 was the minimum estimate for repair work on the school damaged there during the freeze.

The sub-committee recommended figures, as presented in the

report distributed to committee members, were tentatively approved by the committee.

The meeting adjourned at 3:35 P.M.

HOUSE FINANCE COMMITTEE

March 4, 1973

2:00 p.m.

PRESENT: Representatives Hillstrand, Haugen, Warwick, Ose and Barber;  
Representative Dick McVeigh and Dr. Josh Wright.

Chairman Hillstrand called the meeting to order and stated that the committee would discuss the University of Alaska budget request. Representative Ose stated that Josh Wright would make the presentation.

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Dr. Wright stated that the sub-committee had attempted to strengthen the community colleges and hold the line on the senior colleges; it was felt by the sub-committee that the community colleges were more responsive to the needs of the communities, and the cost is nominal. Community colleges, Dr. Wright stated, put education as close to the youngsters as possible during the first two years of college. He said the sub-committee's recommendation was to accept the Governor's Recommended figures on senior colleges and the Maintenance figure on community colleges (with three exceptions). Small community colleges are at a disadvantage as they are being budgeted for 300 credit hours per full-time faculty member which is considered counter-productive. The three small community colleges which are the exception are Kuskokwim, Mat-Su, and Sitka; the sub-committee recommends reducing the number of credit hours to 240 for these three community colleges. The sub-committee also recommends that there be no increase in fees.

Dr. Wright referred the committee to page 1 of the University of Alaska shortform and made the following recommendations:

<u>Program</u> <u>Category</u>	<u>Budget Request Unit</u>	<u>Sub-committee</u> <u>Allowance</u>
Educ	Statewide Summary	36,129.0

Funding Source:

Federal Receipts	992.9
General Fund	23,771.4
Fees	2,827.5
Miscellaneous	8,537.2

Dr. Wright explained that the Governor's Allowance column on the shortform was a guideline to be used by the agency; it was reduced by the Governor's Budget Review Committee to \$35.3 million. He said that part of this is due to allowing for higher fees.

Representative Barber asked what the \$1 million increase recommended by the sub-committee was for. Dr. Wright stated it was to staff the Southeastern Regional Office. He stated further that for three years

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the Legislature has been trying to force the senior colleges to increase the size of classes. Community colleges have been responsive to the wishes of the Legislature, and they will be rewarded by this budget. The sub-committee desires that the senior college professors increase the number of classes taught per professor from 3 to 4.

Representative Warwick asked if the professors negotiated their class sizes. Dr. Wright stated that class sizes and number of classes per professor had been reduced in order to allow them to do research under various grants.

Representative Warwick asked how the budget would make the University be more productive. Mr. Guthrie stated that the Governor's budget stated that productivity must be increased; he said he was not aware of any negotiating process regarding number of classes taught.

Dr. Wright referred the committee to page 8 of the University of Alaska shortform and made the following recommendation:

Program Category	Budget Request Unit	Sub-committee Allowance
Educ	Southeastern Region Sitka Community College	166.9

The above recommendation is based on 240 credit hours per faculty member rather than 300. Dr. Wright stated that the total credit hours for FY 73 for Sitka was 811; and the budget request was based on 949--an increase of 17%. Maintenance figure for this community college is 157.7.

Funding Source:

Other General Fund	154.9
Fees	12.0

Dr. Wright made the following recommendations for the remaining elements in this BRU:

Ketchikan Community College	202.0
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The above figure represents the Maintenance figure plus an increase of 25% in Code 300 (Contractual Services) to cover increased utilities cost.

Mr. Guthrie stated that the total credit hours per faculty member for FY 73 for Ketchikan was 348; the FY 74 budget request was based on 369 credit hours per faculty member.

Funding Source:

Other General Fund	175.4
Fees	26.6

Program Category	Budget Request Unit	Sub-committee Allowance
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Educ	Southeastern Region U of A, Juneau, Sr. College	79.7
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The above figure is the Maintenance amount; Juneau has a higher proportion of fees to actual costs than other community colleges in the state. The fees are almost equal to the General Fund Support. The total credit hours per faculty member for FY 73 for Juneau was 690; the maintenance number of credit hours per faculty member is 700 (this is the highest in the state).

Representative McVeigh commented that the Sub-committee on Higher Education, in cooperation with Dr. Starcher, is going to work on setting up standards for community colleges which will tighten up on requests made for community colleges. The sub-committee will make recommendations as to the number of students needed to establish a community college.

Funding Source:

Other General Fund	43.9
Fees	35.8

Educ	Southeastern Region U of A, Juneau, Juneau-Douglas Community College	205.8
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Dr. Wright stated that the above figure represents the Regents' request and is the only case in the budget where the sub-committee allowed the Regents' request. Since the fire last year, the college is spread out all over the community; the request will bring the college back to where it was before the fire by allowing replacement of equipment and supplies.

Mr. Guthrie stated that the total credit hours per faculty member for the Juneau-Douglas Community College for FY 73 was 501; the maintenance figure for credit hours for FY 74 is 510.

Funding Source:

Other General Fund	171.3
Fees	34.5

Educ	Southeastern Region U of A, Juneau, Library	34.3
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The above figure represents the Governor's Recommended amount.

Program Category	Budget Request Unit	Sub-committee Allowance
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Educ	Southeastern Region U. of A., Juneau, Physical Plant	48.0
	100 Personal Services	15.8
	200 Travel	.5
	300 Contractual Services	17.9
	400 Commodities	12.7
	500 Equipment	1.0
	800 Miscellaneous	.1

The above figure is above the maintenance amount in order to allow for leasing of space for the Regional Center. The increase is in Code 300 (2.9 to 17.9).

Educ	Southeastern Region Regional Governance	246.8
	100 Personal Services	96.5
	200 Travel	7.7
	300 Contractual Services	13.6
	400 Commodities	2.3
	500 Equipment	1.7
	800 Miscellaneous	125.0

The above figure is above that requested by the Governor; it allows for a regional business office and a regional registrar's office. Previously these functions were handled in Fairbanks. In answer to a question from Representative Warwick, Dr. Wright stated that about 25% of the budget for the Southeastern Region would be spent on Governance.

Educ	Southcentral Region Summary	7,209.5
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Funding Source:

Other General Fund	5,762.3
Fees	1,447.2

The committee discussed the number of students in the Southcentral and the Southeastern Regions. The "headcount" for Southeastern was 772 students for FY 73 and 896 for FY 74; the count for Southcentral for FY 73 was 8,331 and for FY 74 (maintenance) 9,485.

Educ	Southcentral Region Kuskokwim Community College	145.3
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The above figure represents the Maintenance amount plus 2.7 to adjust the faculty productivity from 300 credit hours to 240. The total credit hours for FY 73 per faculty member was 280. This college has no physical plant as yet.

Program Category	Budget Request Unit	Sub-committee Allowance
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Educ	Southcentral Region Kodiak Community College	264.1
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Above figure is Maintenance. Faculty productivity is 248 credit hours for FY 73 and 275 for FY 74.

Educ	Southcentral Region Mat-Su Community College	155.6
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100 Personal Services	112.1
200 Travel	3.5
300 Contractual Services	25.3
400 Commodities	3.7
500 Equipment	10.0
800 Miscellaneous	1.0

This figure is above Maintenance. There is an increase over Maintenance of 8.8 in Code 100 to adjust the faculty productivity from 300 credit hours to 240. Other increases are due to expanded services and inflation. Faculty productivity is 252 for FY 73 and 300 for FY 74 (Maintenance).

The committee discussed the fact that there is no passable road to Mat-Su Community College; a request for one will be included in the capital budget. There is also a need for paving of the parking lot of the Ketchikan Community College which will be covered in the capital budget request.

Educ	Southcentral Region Kenai Peninsula Community College	214.7
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Above figure is Maintenance. Faculty productivity is 134 credit hours for FY 73 and 250 for FY 74 (Maintenance). Mr. Guthrie stated there was a reduction in the faculty at Kenai of about 3.5 teachers; he said that the Division of Budget and Management has taken a firm stand that there will be an 8% increase in faculty production each year. The headcount for this school was 186 in FY 73 and Maintenance FY 74 is 233.

Educ	Southcentral Region U of A, Anchorage, Senior College	1,314.1
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The above figure is the Governor's Recommended (Fees, however, are at the Maintenance level). Faculty productivity for FY 73 was 318 credit hours; maintenance faculty productivity for FY 74 is 390.

Educ	Southcentral Region U of A, Anchorage, Community College	2,534.0
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Above figure is Maintenance. Faculty productivity for FY 73 is 620; maintenance faculty productivity for FY 74 is 600.

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Program Category	Budget Request Unit	Sub-committee Allowance
Educ	Southcentral Region	
	U of A, Anchorage, Library	461.1*
	U of A, Anchorage, Student Services (Testing & counseling services)	141.0*
	U of A, Anchorage, Physical Plant	840.1*
	Regional Governance, Administration	979.2*
	Regional Governance, Public Service	160.3*

\*All of the above are Governor's Recommended.

Dr. Wright stated that the headcount for the Northern Region was 3,572 for FY 73 and the maintenance figure for FY 74 would be 3,930. The faculty productivity for the Northern Region for FY 73 was 405 credit hours per faculty member; the maintenance FY 74 figure is 442.

Dr. Wright stated that all the figures recommended by the sub-committee for the Northern Region were Governor's Recommended. They are as follows:

Educ	Northern Region Summary	13,488.4
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Funding Source:

Federal Receipts	50.0	
Other General Fund	10,489.2	
Fees	1,235.3	
Sales	1,666.9	
Various	47.0	
U of A, Fbx, Inst. & Dept. Res.		5,065.8
U of A, Fbx, Library		906.3
U of A, Fbx, Museum		150.6
U of A, Fbx, Student Svc.		663.9
U of A, Fbx, Physical Plant Operation		4,332.8
U of A, Fbx, Safety & Security		314.9
U of A, Fbx, Debt Service		801.1
Regional Governance, Administration		889.4
Regional Governance, Public Service		293.6
Regional Governance, Student Aid		70.0
U of A, Fbx, Ind. Enterprise Summary		4,138.9
U of A, Fbx, Computer Center (Other funds)		553.4
U of A, Fbx, Housing System (Other funds)		2,245.5

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Program Category	Budget Request Unit	Sub-committee Allowance
Educ	Northern Region	
	U of A, Fbx, Bookstore (Other funds)	557.1
	U of A, Fbx, Graphic Services (Other funds)	179.3
	U of A, Fbx, Washer-Dryer Svc. (Other funds)	24.4
	U of A, Fbx, Yak Estates (Other funds)	456.9
	U of A, Fbx, Wood Center (Other funds)	122.3
Educ	Statewide Public Service	1,714.4*
*Governor's Allowance FY 74.		
Educ	Organized Research	6,004.4
Educ	Central Governance	2,531.3

In answer to a question from Representative Warwick, Dr. Wright stated that the only difference in the breakdown in the budget document from last year would be to break out the community colleges.

Chairman Hillstrand commented that it costs \$4.3 million to run the physical plant at the University of Alaska. Representative Warwick stated that \$1.5 million was received in rentals to federal agencies, so the cost is only \$2.7 million. He stated, however, that the federal government had cut out funds for the Arctic Research Center which is located on the campus, so the \$1.5 million might not be forthcoming. Mr. Guthrie stated that he had no information regarding revised estimates on federal receipts.

The committee discussed Regional Governance, Student Aid (p. 64 of the shortform). Mr. Guthrie stated this was broken down into two areas:

1. Alaska Native Scholarships	\$33,000
2. State Room Scholarships	<u>37,000</u>
	\$70,000

The State Room Scholarships are two year scholarships to high school valedictorians all over the state and provides for free rooms.

Mr. Guthrie referred to U of A, Fbx, Independent Enterprises (p. 65 of the shortform). He stated this BRU was funded entirely from sales; no general funds are involved. He said that the University feels that this type of thing should not be funded by the Legislature, and points up the issue that the Legislature does not appropriate the entire budget for the University. In addition to the funds appropriated, there are restricted funds from the private sector, and the University would prefer to have only general funds appropriated by the Legislature. Right now the situation is in limbo, and it brings up problems with relation to the Budget and Audit Committee and approval of federal funds.

UNIVERSITY  
OF  
ALASKA

Representative Warwick stated that there were two problems at the University that he wished to bring to the attention of the committee. He said the first one had to do with the computer center which is in competition with other computer centers in the private sector in Fairbanks, and perhaps throughout the state, due to the fact that they sell computer time to the private sector. The other problem has to do with the television station on the campus; he states that the station pays technicians far more than the private sector and are even doing such work as political advertisements. It was his feeling that a statement of legislative intent should be made to disallow such activities.

The committee discussed a possible cutback in federal funds to the University. Mr. Guthrie stated that the University had assured the Division of Budget and Management that programs will be cut back if federal funds are not forthcoming.

Representative Warwick left the meeting at 5:15 p.m.

Chairman Hillstrand commented that the Governor was recommending \$21.7 million for the University, and the sub-committee was recommending \$23.8 million which is a 10% increase and a \$3 million increase over FY 73. Dr. Wright said that the increase is approximately \$900,000 if you do not consider the fee increase.

Chairman Hillstrand asked if the income from utilization of University lands was shown in the budget request. Mr. Guthrie said it was not; all income is not shown in the budget request. The total budget for FY 74 is estimated to be in excess of \$50 million; \$12 million of that amount is in restricted funds. Under the Alaska Constitution, Mr. Guthrie said, it could be interpreted that the University receives a single check from the state. Last year was the first year that the budget had been broken down; the University feels that it is an independent corporation.

SOS Representative Ose moved and asked unanimous consent that the sub-committee recommendations for the appropriation to the State-Operated School System be accepted by the committee; there being no objections, it was so ordered. (Members present: Hillstrand, Ose, Barber, Freeman and Haugen).

UNIVERSITY OF ALASKA Representative Ose moved and asked unanimous consent that the sub-committee recommendations for the appropriation to the University of Alaska be accepted, tentatively, by the committee. There being no objection, it was so ordered.

ADJOURN The meeting was adjourned at 5:50 p.m.

JOINT SENATE/HOUSE FINANCE COMMITTEES

March 5, 1973

9:05 a.m.

Present: Senators Groh, Sackett and Poland. Representatives Hillstrand, Warwick, Freeman, Haugen, Specking, Ose and Barber. Dr. Josh Wright, Representative Banfield, Representative Orsini, and Dr. Starcher, Higher Education Consultant, were also present.

HIGHER Representative Hillstrand called the meeting to order  
EDUCATION and turned the meeting over to Representative Ose for a presentation on Higher Education. Representative Ose asked that Dr. Starcher present his findings to the committees.

Dr. Starcher said that his interest as a consultant goes back more than a year. He said there are quite a number of things they have suggested which have taken place in one way or another without necessarily coming through a direct appropriation.

Dr. Starcher said there had been charges that the University of Alaska had overspent. He said they had gone to the business office to find out the reasons for this over-expenditure. These causes could not be charged to mismanagement or to an error in judgment. Dr. Starcher said the details of their findings are in the report presented to the legislature.

HB 64 Dr. Starcher said the original deficit was \$2,000,000 but this has been cut down and is now \$1,668,000 (HOUSE BILL NO. 64 - making a supplemental appropriation to the University of Alaska). Dr. Starcher said this is money owing to the University which they should receive and they should not receive it at the expense of their present appropriation. If the University does not get the money, it is carried forward to the following year. Dr. Starcher said in the original deficit of \$2,000,000 there was \$800,000 which was accrued leave time. He added that this is standard procedure when you are dealing with the federal government. Part of the deficit was because of a contract between the University and the Department of Natural Resources. Dr. Starcher said the University had received a payment of \$61,000 which left \$57,000 to be absorbed by the University.

HB 130 Dr. Starcher said another bill before the legislature  
HB 131 is HOUSE BILL NO. 130 (an act establishing a working capital reserve fund for the University of Alaska). HOUSE BILL NO. 131 appropriates \$1,200,000 for this fund.

Dr. Starcher said he could not overemphasize the importance of establishing a reserve fund. This will enable the University to pay their bills when they become due (and sometimes at a substantial discount for cash payment). Dr. Starcher said in their original report they had recommended a 5% fund would be a responsible amount and although HB 131 is actually less than 5% "it would certainly help."

CSHB 37

Dr. Starcher said that HOUSE BILL 37 relates to an appropriation to the University of Alaska. \$1,500,000 for community colleges had been vetoed by the Governor last year. Dr. Starcher said the University had their budget cut and had to carry on without benefit of this fund. He said that the University has said "at this point that total amount of money is not really needed." Dr. Starcher said that in HB 37 there is \$30,000 for the Southeastern Region which is for equipment replacement as a result of the Juneau-Douglas Community College fire and this is needed. He said \$315,000 for the Southcentral Region is "not very realistic because the faculty was cut back. He said perhaps \$150,000 would take care of the actual need."

Dr. Starcher said the University library at Anchorage needs additional books badly. He said if \$315,000 is available they could, and probably should, spend this for books. He said for Central Governance the only single item for which there is a need is \$35,000 for the cost of insurance.

Dr. Starcher said another item which should not be forgotten is the tuition grant program. They have recommended it be increased to \$1 million for next year.

Senator Kerttula entered the meeting.

HB 180  
HB 181

Dr. Starcher said there were two important bills that the consultants have worked on with the Legislative Council. One of the bills deals with clarifying many details of the tuition grant program (HOUSE BILL NO. 181 - an act relating to student financial aid). The other bill deals with the establishment of a Commission on Higher Education (HOUSE BILL NO. 180 an Act creating the Alaska Commission on Postsecondary Education). Dr. Starcher said all the testimony they had heard on HB 180 indicates this is something the state needs. Dr. Starcher said there is no fiscal note on this because the fiscal note that had been

prepared by Mr. Guthrie was contingent on federal funds which now appear not to be available.

Mr. Haugen said he saw a problem with all these very, very small community colleges. He said he personally felt that they are a real detriment to the education areas of the state. He also questioned the need for a commission. Dr. Starcher said the commission would be an advisory commission only while the Board of Regents have complete authority subject to legislative appropriations and action. He said in the history of the development of the community college system the legislature has ordered the establishment of community colleges.

Dr. Starcher said that all the literature on community colleges indicates it is highly ineffective to operate with anything less than 500 students. A maximum of 5,000 full time day students is also recommended. Dr. Starcher said that personally he felt the state needs legislation so the legislature will be protected against its own enthusiasm for community colleges where they could not be justified.

Senator Kerttula said one of the concepts for community colleges in Alaska was to use existing facilities and to save as much as possible on "brick and mortar" costs. He said he also thought the community college concept here was that they were not going to have dormitory support. He said he thought the 500 minimum could be applied to areas in the Lower 48 but pointed out that Alaska has no population. Dr. Starcher said that Kenai is a good example of a very fine program where there is "not much brick and mortar." Dr. Starcher said he thought they were doing a remarkable job as far as what community colleges are suppose to do.

Representative Beirne entered the meeting.

Representative Warwick asked what recommendations from the consultants had been enacted. Dr. Starcher said their first recommendation was that there be a reorganization of the University which would strengthen the Regents and much of this has taken place. Dr. Starcher said they had recommended that the chief administrative officer be called a chancellor but this recommendation was not too wise because it required a constitutional change.

Senator Palmer entered the meeting.

Dr. Starcher said they had recommended that each region

have its own council and this has taken place. Dr. Starcher said they had recommended including more students on committees of the University and this has also taken place. In answer to Mr. Warwick, Dr. Starcher explained that each college has its own university committee. He added that there are now students on every committee except the budget committee.

Dr. Starcher said one of the most important recommendations was a study commission for the budget procedure. He said they were recommending a formula procedure be developed. He said a basic formula would be a big help; however, they would still have to make judgments. Dr. Starcher said if you stick strictly to the formula there could be problems and used Cleveland State University as an example of this. Dr. Starcher said there have been some steps taken in this recommendation; however it will take a number of years before it is refined.

Dr. Starcher said they had also recommended an appropriation to the University of not less than 5% to be used in emergency situations.

Dr. Starcher said they had also recommended decentralizing the statewide office of the University. He said it is the general feeling that because this office is located on campus that Dr. Wood hears "their requests more loudly."

Dr. Starcher said they had also recommended that Vocational Rehabilitation be transferred to the University.

Dr. Starcher said they had also strongly recommended that the concept of one university be continued. He said that the people in the Anchorage Community College have accepted the fact that they are part of the University although there are still some administration problems to be worked out. Dr. Starcher said they had urged that the institutions be tied more closely with the University particularly with graduate studies. He said he had talked to one of the deans and there has been substantial change in this area.

Dr. Starcher said they felt if the \$1.9 million for the Skill Center could be given to the University to carry out these programs a savings could be made.

Dr. Starcher stated probably the most important recommendation they made was that the University should establish a statewide commission composed of deans and students to conduct an in-depth study of the total university

operation. He said this has not been done which is probably due to the fact that there is pending a change of the presidency of the University. In answer to Mr. Warwick, Dr. Starcher said they are not involved with choosing a new president.

Senator Groh said that the overhead and administrative cost is "eating us alive." He quoted the cost for each governance. Senator Groh said it almost seems as if every student has his own administrator. He asked if there was any reasonable way the state could save money by eliminating some of these people. Dr. Starcher said that the total overall governance cost of the university is not excessive in comparison to other states. He used Washington as an example. Dr. Starcher admitted that this comparison might not mean too much in view of the fact that Alaska is a smaller state than Washington.

Senator Groh asked if they could justify a regional provost in Southeast. Dr. Starcher said that regional provosts are the "cutting edge of the University." Senator Groh said there is \$250,000 to support this office and asked if this was justified. Dr. Starcher said he would have to pass on this until he verified it.

Senator Groh then asked about the Kuskokwim, Kodiak Kenai and Ketchikan community colleges pointing out that it costs around \$200,000 to run them. Senator Groh said they are requesting additional amounts and asked if the state could afford this too. Dr. Starcher said that if any of these communities had sat down and decided what they were going to establish and looked at the figures he was not sure they would have established a community college. He said he was not sure this would have been justified. Dr. Starcher said now they have these community colleges and the question is "now what of them?"

Senator Groh asked about the enrollment at Kuskokwim. Mr. Guthrie said the number of FTE's is in the 20's; however, the head count is higher. Senator Groh pointed out the cost of operation at this community college. Dr. Starcher said that this cost (per student) would be "getting close to a record amount."

Mrs. Beirne said that if the state had a good community college act probably they would have to cut back. Dr. Starcher said this would depend on how the act was written. He said it might be retroactive.

Mrs. Beirne asked if it was essential that the State have this legislation. Dr. Starcher said that most states do have this type of legislation. Mr. Haugen suggested obtaining copies from states with this legislation. Mrs. Beirne noted that there is material available and asked how long it would take to work up this act. Dr. Starcher said he did not believe it could be done this session. Mr. Hillstrand pointed out that there is a movement to appropriate funds to the Legislative Council for a study on higher education and this could be part of the study.

Dr. Starcher stressed the importance of research and noted there is a red meat program at Kodiak and Kenai. He said this could be very valuable to the state and hoped that the legislature would not bar it because of the expense and small number of students.

Mr. Orsini said that he would like to give testimony at a later time.

Mr. Warwick then spoke on the tutition grant program. He said there was a provision that AMU come up with 22.5% outside money and asked if this had been done. Dr. Starcher said it was his understanding that AMU is about "half way there." He asked Mr. Stuart Hall to elaborate on this. Mr. Hall said HB 181 will clear up some of the administrative problems of this program. Mr. Hall said that the legislation passed last year included amendments defining gifts and grants. Mr. Hall said AMU has interpreted this somewhat differently than what he feels was the intent of the legislature. He said AMU is including such things as parental payment to room and board. There is no such indication from Sheldon Jackson (required contribution was 15%). Mr. Hall said that Sheldon Jackson will probably make this 15%.

Mr. Warwick said that the educational television station on the main campus of the University is paying salaries far in excess of the private sector. Dr. Starcher said that their study had been made before the station was in. He added that he would have to reserve comment on this until he looked at the qualifications of the people running the station and the qualifications of the people in the private sector. Discussion followed on educational television.

Mr. Warwick said if the legislature passes the \$1.5 million supplemental or the working capital fund for the University

it would all have the same effect and go into the "slush fund." Dr. Starcher said he did not feel this would be a "slush fund" and would be kept separately.

Recess:

After a brief discussion, the meeting recessed at 10:00 a.m.

AFTER RECESS

4:30 p.m.

Vice-Chairman Haugen called the meeting to order. He noted a quorum was present. Dr. Starcher and Representative Orsini were also present.

HIGHER  
EDUCATION

Representative Orsini referred to the Governor's budget on the University of Alaska. He said that he had been teaching a graduate program of engineering management for the past three and one-half years and was very familiar with some of the problems at the Anchorage Campus. There has been a morale problem and part of the reason is the pay. Mr. Orsini said he had just learned that the Community College in Anchorage had joined the American Federation of Teachers and some "walk-outs" could probably be anticipated.

Mr. Orsini then referred to the Governor's recommendation for a tuition increase. He felt that the tuition for full time students could easily be raised but the fees for part time students "are in line."

Mr. Orsini stated that in regard to the Sr. College in Anchorage the accreditation schedule is "woefully inadequate." He said no increase in faculty will make accreditation more difficult.

Mr. Orsini said the ratio of full time faculty to part time faculty is about 2 to 1 at Senior College; 11 to 1 at Community College and 14 to 1 at Fairbanks.

Mr. Orsini referred to Dr. Starcher's earlier comments on formulas. He said that formulas are used to provide some sort of equitable method of resources and when you deviate from the formula you are not being equitable.

Mr. Orsini said he would concur with the earlier remarks about decentralization and added that he would go even further by saying there should be a smaller statewide university assembly and a strengthening of the regional assemblies.

Mr. Orsini then spoke on programs saying that they should avoid duplication on the various campuses but some of the programs are quite logically located at

Fairbanks, Anchorage or Juneau. He noted that the Sea Grant program might well be in Juneau.

Mr. Orsini then discussed some of the problems at AMU. He stated that he had been against the tuition grant program and felt that this is getting "worse." He said they are funding the administration of AMU and also the consortium administration. He suggested urging the Budget and Audit Committee to request an audit on who is getting this money and how it is used. He said there are 100 students who are getting both high school and college credit under the tuition system and they are in Spain on this program.

Representative Banfield entered the meeting.

Mr. Orsini said that WICHE is looking at a formula basis and he would urge the legislature to encourage this concept.

Mr. Saylor then asked about the number of hours the professors teach. Mr. Orsini said a professor at the Community College would probably have 12 hours of class room time while the upper division professors would have about 9 hours per week. He then explained that the Community College was on a five day week but about two years ago they went to a four day week. In answer to Mr. Saylor, Mr. Orsini said some of the professors might be teaching on a two day week depending on how their classes are scheduled; however, he pointed out there are also scheduled office hours.

Mr. Ose then asked about the availability of faculty on an advisory basis and this was briefly discussed.

Mr. Specking asked about salaries. Mr. Orsini stated that some of the professors are on a 9 month contract and some on a 12 month contract. They start at \$1,100 a month (a Masters' Degree and no experience). A professor with a P.H.D. would make about double this amount, he added.

The committee then discussed class room size. Mr. Orsini said the minimum class size for a graduate course is 6 students but the average they are required to have is 20 students (at the Sr. College). He said this average does not apply at the Fairbanks campus.

Mr. Haugen requested that Dr. Starcher comment on

Mr. Orsini's presentation. Dr. Starcher said that although what Mr. Orsini said was true about the class size at Fairbanks this same concept is true throught the country.

Dr. Starcher said that the Community College has had little or no counselling and gave examples of students who had received poor counselling. Discussion followed.

Mr. Haugen requested that Mr. Guthrie provide the committee with a report on FTE's on all the colleges in the state. This report is to include head count, information on salaries and buildings that have already been constructed.

The committee then discussed the consortium agreement. Mr. Warwick asked what Mr. Orsini would recommend in lieu of this. Mr. Orsini said that there were alternatives -- the state could buy out AMU or cease to fund it. The salary of the President of AMU was discussed. Mrs. Banfield pointed out that she did not believe housing was provided for Dr. Picton while other university presidents do receive housing. Comments then followed on salaries of provosts and deans throughout the state.

Mr. Haugen said he felt very strong about the community college aspect and said he would like to try to restore the Southeast branch (in Juneau). He felt that some attempt should be made to return the Marine Sciences Center to Juneau and this was discussed.

The committee then considered the small community colleges. Mr. Warwick asked if Dr. Starcher would recommend discontinuing some of these community colleges and putting them on an extension basis. He specifically referred to Bethel. Dr. Starcher said if they were talking about "hard cash" this would be logical.

In answer to Mr. Saylor, Dr. Starcher said the cost of education in state is \$2,700 per FTE based on this year's budget. Discussion followed. Dr. Starcher pointed out that the University of Alaska is a very fine institution and he felt the people of the state should be proud of it.

The committee then discussed the research program of the University and the fact that this could be very beneficial to the state if there was more cooperation between the state and the University.

Adjourn: The meeting adjourned at 5:45 p.m.

HOUSE FINANCE COMMITTEE

March 13, 1973

8:50 p.m.

Present: Chairman Hillstrand called the meeting to order and noted that a quorum was present.

EDUCATION Chairman Hillstrand turned the meeting over to Mr. Ose the subcommittee chairman for the Education budget.

Mr. Ose requested that Mr. Guthrie explain the subcommittee recommendations.

WICHE Mr. Guthrie explained that the House Recommendation is less than the Governor's Recommendation. The difference is that the Governor included funding for 10 law students and the House figure does not. Mr. Guthrie also stated that WICHE shows considerably less expended than the appropriation. He stated that the House Recommendation of \$173.6 provides for the students in the program and for additional students to entered into the program.

Mr. Barber questioned eliminating the law students. He said that last session there was a move to have a law college in Alaska and thought the committee should consider this.

Alaska Arts Council Mr. Guthrie explained that the House Recommendation is the same as the Governor's Recommendation for the Alaska Arts Council. In answer to Mr. Hillstrand, Mr. Guthrie stated that the increase in the General Fund for this program is only \$1,600 -- the rest is federal funding.

Trans- portation Mr. Guthrie stated that the House Recommendation for the Transportation Museum is \$52.8. The committee questioned the value of this program. Mr. Hillstrand suggested rather than include this in the budget they might give the Anchorage Borough a sum of \$20,000. After a brief discussion, the committee zeroed this out.

Historical Commis- sion Mr. Guthrie stated that the House Recommendation of \$37.4 is the same as the Governor's Recommendation. He stated that this is a reduction from Authorized FY 73. This is a general reduction and a full time secretary is changed to a half-time secretary.

Salary Increase Mr. Guthrie said that the House Recommendation is -0- for salary increases.

Foundation Program The House Recommendation for the Foundation Program is \$77,500.0 and Mr. Guthrie stated that this increases

the basic unit to \$20,000. The House Recommendation shows Pupil Transportation - Public, as a separate BRU while the Governor's Recommendation had this program included in the Foundation Program.

The committee briefly discussed the students who had been transferred from a military base to Anchorage. Mr. Warwick asked who made this decision and if the financial problems were considered. Mr. Guthrie said he would check into this.

Revenue Sharing	Mr. Guthrie said the subcommittee also recommended showing Revenue Sharing as a separate item and the House figure is \$2,600.0.
Pupil Transp. Private	On Pupil Transportation - Private, the House Recommendation is the same as the Governor's Recommendation of \$120.0. Mr. Guthrie stated that this assumes SB 27 will not pass. If it does pass, no funds will be required.
Debt Retirement Local	Mr. Guthrie noted that the House Recommendation for Debt Retirement - Local is \$4,000.0. This is the same as the Governor's Recommendation. The primary increase over FY 73 Authorized is due to two bond issues.
Federal Programs	Mr. Guthrie stated that the House Recommendation for Federal Programs is \$6,150.0 which is the same as the Governor's Recommendation. Mr. Haugen requested a check into administrators charging for their services under this program.
Out-of-Dist. Students	The House Recommendation for Out-of-Dist. Students is \$800.0 (same as the Governor's). Mr. Guthrie noted that the increase over last year is due to Chapter 76, SLA 72, the profoundly deaf program.
Correspondence Study	The House Recommendation is \$182.5 which is the same as the Governor's Recommendation. Mr. Hillstrand asked if this was adequate to do the job. Mr. Guthrie said yes, it is \$800 more than the maintenance level.
Instructional Services	The House Recommendation for Instruction Services is \$415.0 while the Governor's Recommendation is \$495.7. Mr. Guthrie said this goes back to maintenance level and the reduction is primarily in inter-agency receipts. This is money coming in for drivers' education. He explained the state w first year the state would pay 50% and within one or two years the state would pick up the whole tab.
Vocational Education	The House Recommendation for Vocational Education is \$285.0 (same as the Governor's). Mr. Hillstrand

suggested that the TV station for Anchorage (which was to be matched with federal funds) might be used as a vocational education course. Mr. Warwick requested that Mr. Guthrie obtain the salaries of the employees of the Educational TV Station in Fairbanks.

Representative Tillion entered the meeting.

Admin. & Support Mr. Guthrie said that the House Recommendation is \$785.0 for Administration and Support. This is lower than the Governor's Recommendation of \$807.2 but represents the maintenance level.

Student Financial Aid Mr. Guthrie noted that the House Recommendation for this program is \$3,886.5 while the Governor's Recommendation is \$4,217.2.

Community College Support The House Recommendation for Community College Support is \$1,350.0 (same as the Governor's Recommendation).

Educational Broadcast The House Recommendation for Educational Broadcast is \$382.3 which is the same as the Governor's Recommendation. Mr. Guthrie read the breakdown on this: \$110.0 for TV in Bethel; \$81.5 for radio station in Bethel; and \$81.5 for radio station in Kotzebue. A detailed discussion followed on the program at Bethel.

AMU Nursing Mr. Guthrie said that the House Recommendation for AMU is the same as the Governor's -- \$11.9. He suggested that the committee look at this closely. He said that Budget and Management did not "buy" the liberal arts courses nurses were participating in because they were being run at a very low class size. He added that AMU does not agree.

A discussion then followed on AMU.

A.R.T. T.C. Mr. Guthrie said that the House Recommendation for A.R.T.T.C. is \$1,094.3 (the same as the Governor's).

Debt Service The House Recommendation for Debt Service is \$10,107.3 which is also the same as the Governor's.

HB 146 The committee then considered HOUSE BILL NO. 146 (an Act making a special appropriation to the Alaska State Council on the Arts). Mr. Specking moved that HB 146 pass from committee with a "do pass" recommendation. No objection, so HB 146 passed from committee with 8 "do pass" and "1 do not pass" recommendations (Mr. Hillstrand voting "do not pass".)

Recess: The committee recessed at 10:28 a.m.

AFTER RECESS

Following a discussion of the budget request for Administration of Justice, the committee reconvened to discuss the budget request for Education. Josh Wright was present.

EDUCATION

An increase in fees was discussed by the committee, with the suggestion that fees be increased by 25% for full-time students. Mr. Guthrie noted this would not increase fee income by 25% and suggested the following:

LEGISLATIVE  
INTENT

"The University of Alaska shall increase statewide income from instructional fees by 25% over that estimated for the Maintenance FY 74 level. The Board of Regents shall revise the fee schedule to raise the necessary income. However, the major portion of the increase shall be assigned to non-resident and full-time students."

After discussion, Rep. Saylor moved and asked unanimous consent to adopt the sub-committee's recommendation for legislative intent. No objection, so ordered.

Rep. Warwick suggested a community college should be authorized for Fairbanks, as the main campus does not offer courses of interest to residents of Fairbanks. There would be no increase in funding. After discussion, the committee accepted as legislative intent the following:

LEGISLATIVE  
INTENT

"University of Alaska, Northern Region. The Board of Regents shall reallocate within the funds appropriated for the University of Alaska, Fairbanks, and establish a community college curriculum for the Fairbanks area."

Rep. Haugen requested legislative intent as follows:

LEGISLATIVE  
INTENT

"University of Alaska, Organized Research. The legislature urges that the Institute of Marine Sciences continue the development of a chemical assay technique for the detection of toxins, "paralytic shellfish poisons," in Alaska clam resources. The legislature recognizes that Federal Food and Drug Administration acceptance of such an assay method could precipitate the rapid development of a multi-million dollar clam fishing and processing industry in Alaska."

Rep. Haugen moved and asked unanimous consent to accept his recommendation. No objection, so ordered.

Rep. Ferguson moved and asked unanimous consent to increase funding for various schools in his district. After discussion, the committee voted against his motions 8 to 1. It was suggested that legislative intent could be included to cover the problem and the following was suggested:

LEGISLATIVE  
INTENT

"S.O.S., Special Needs, Rural Schools, New Area High School. Initial operating funds for those high schools that begin operations during FY 1974 shall be transferred from other appropriations or allocations in the Education program category where the education costs of the students were originally budgeted (examples: Tuition, Boarding Homes, Foundation Program, etc.)

Rep. Ferguson moved and asked unanimous consent to include the above as legislative intent. No objection, so ordered.

Rep. Saylor moved and asked unanimous consent to delete Bilingual Education. Rep. Ferguson objected. The committee discussed the subject, and a vote was taken. The motion carried by a vote of 6 to 3.

After a short recess, Rep. Saylor moved to rescind the action of the committee on Bilingual Education. Rep. Warwick objected. After discussion, the rescinding motion passed by a vote of 5 to 4.

The program category for Education was closed.

Rep. Saylor moved and asked unanimous consent to fund the state employees' pay raise at \$58 across the board, with a \$12 increase in benefits. This would amount to a total of \$5,580.1 for salaries and \$956.4 for benefits. Rep. Warwick and Haugen objected. The committee discussed the various possibilities and took no action at this time.

The meeting recessed and discussed capital projects after recess (see capital projects minutes).

SOC

SVC

HOUSE FINANCE COMMITTEE  
March 9, 1972  
8:20 a.m.

The meeting was called to order by Chairman Hillstrand, and it was noted for the record that a quorum was present. Chairman Hillstrand turned the meeting over to Representative Haugen, who conducted a review of the Social Services budget category.

SOCIAL  
SERVICES

Representative Haugen stated that the status of federal funds coming into the Social Services category was not known, except that there is a strong chance that funds for alcoholism and drug abuse would be increased.

Representative Haugen stated that in the case of the BRU Assistance Payments, in arriving at the recommended figure, he had taken specific case loads and the average cost of those case loads. This did not result in a 10% cut in general funds, as this is an open-ended program.

Representative Haugen explained that he had "zeroed out" the BRU Protective Services. He said the department had no money for this function during the current fiscal year; costs had been absorbed by the Foster Care allowance. Mr. Vernon explained that the Foster Care recommended allowance is higher than the Governor's Recommended figure, and should allow sufficient funding to carry on this program in the same manner as in the past.

Representative Haugen recommended that the BRU Other Services be "zeroed out" also. Mr. Vernon stated the majority of the funding in this BRU was for travel for Adult Public Assistance, and the department did not provide Representative Haugen with an answer as to why the travel was not included under that BRU.

Mr. Vernon explained that for the BRU Alcantra Youth Campus, the FY 73 general funds had been reduced by 10% from \$190 thousand to \$171 thousand. The federal funding ratio for this BRU had changed from 75/25 to 50/50 which accounts for the drastic reduction.

The committee discussed the food stamp program BRU. The Agency Request was zero, although this is a 65/35 federal match. Last year \$12 million worth of food stamps were distributed. The state's function is merely to determine eligibility and distribute the food stamps. Any program receipts are returned to the federal government. According to Mr. Vernon, the department feels that last year's appropriation was too low to do the job properly and there will be federal audit exceptions in the program because they have been unable to adequately process applications and determine eligibility. Seventeen new positions were created in the program during FY 73 by Revised Program. The amount of Code 300 (Contractual Services) under this BRU covers contracts with the U. S. Post Office for distribution of stamps, and security, transportation and storage of stamps.

SOCIAL  
SERVICES

Representative Haugen stated that he recommended a zero amount for the Alaska Board of Child Development BRU; he said the department was not happy about the program. Mr. Vernon said that the amount shown for federal receipts in the shortform is not correct (94.4); a revision has been received indicating the federal funds for this BRU are 50.0 and the general funds are 43.1.

Representative Haugen stated that the federal funds would increase to the "Office of Aging", so that the general funds would be reduced even though the Governor's figure was accepted.

The committee discussed the Fairbanks Pioneers' Home and decided that this item should either be left open until it was ascertained if the home would be expanded or a letter of intent should be written that a supplemental appropriation request for the deleted equipment for the expansion would be honored if the expansion did take place. Representative Warwick stated that the committee should attempt to resolve the matter so that the equipment could be ordered in advance and savings made on freight.

The sub-committee recommendation for the BRU Veterans' Service Council was 41.0; Representative Haugen stated that there were many new Viet Nam veterans to participate in the program.

Mr. Vernon stated that for the BRU Vocational Rehabilitation, federal funding was being increased; state monies in the program would go down.

RECESS

The meeting recessed at 9:15 a.m.

AFTER RECESS

2:10 p.m.

A quorum was present.

SOCIAL      Chairman Hillstrand called the meeting to order and turned  
SERVICES    the hearing over to Mr. Haugen for a review of the Social  
              Services budget.

The committee decided to consider the BRU's on Alcoholism and Drug Abuse at a later date. A meeting on Drug Abuse was scheduled for Monday, March 12.

Mr. Haugen recommended \$0 for Program Support. It was noted that this provides "seed money" for various federal programs. Mr. Vernon explained that the budget had been prepared based on what last year's federal funding was and it is completely contingent on what the federal government will hand down. The committee then discussed the personnel shown in this program. Mr. Vernon explained that the accounting in the Dept. of Labor has been such that positions have been arbitrarily assigned to particular areas of the budget. It is possible if this BRU is reduced, the positions might be lost but it is just as possible they will be shifted to another program, he added. Discussion followed.

The committee then continued a review of BRU's in this category.

There was a detailed discussion on the Alaska Skill Center. Mr. Specking felt this was a worthwhile program and should be funded at the same level as last year. Mr. Vernon explained the "buy-ins" to this program by the various federal agencies. He said if the center receives this federal funding it will be in a good position. He pointed out that the federal funding is not guaranteed.

Mr. Ferguson then gave a presentation on Drug Abuse and the legislation that had been introduced on this subject. Mr. Ferguson said they are waiting for information from Washington. He said it had been suggested that a request be made to the Chairman of the Legislative Council to continue during the upcoming year the drug study made by Senator Lewis. After a brief discussion, the meeting

Adjourn:      adjourned at 4:35 p.m.

HOUSE FINANCE COMMITTEE  
March 14, 1973  
7:10 P.M.

Chairman Hillstrand called the meeting to order and noted for the record that a quorum was present. The purpose of the meeting was to finalize the budget request for SOCIAL SERVICES.

SOCIAL  
SERVICES

The committee briefly discussed the recommendations under Alcoholism, Grants, and Addictions, Drug Abuse. Rep. Freeman asked where the money was spent on alcoholics if not to pay their hospital bills. Rep. Haugen stated this was paid from GR Medical; however, Mr. Vernon added there was a dispute on this subject going on now as GR Medical would no longer cover hospitalization of alcoholics. The committee discussed this problem, and Rep. Haugen said he would report back to the committee with an answer.

Rep. Warwick questioned the Ombudsman Program under Addictions, which Rep. Haugen explained was to council children about drug problems. It pertained to a live-in counselor at Bethel, where there is a big drug problem.

The original recommendations by the sub-committee were accepted for Alcoholism and Addictions.

The committee referred to Alcantra Youth Campus, and Mr. Vernon explained the general fund portion was reduced by 10%, but there was a more favorable match in previous years on federal funds. The program funding has dropped sharply due to a reduction in federal funds.

Alaska Board of Child Development was discussed by the committee. No money was received last year and the program is not running, except for \$5,000 for the Board to hold meetings. Commissioner McGinnis had stated this program could be deleted, and Rep. Haugen said the sub-committee recommended funding at -0-. The original legislation should be repealed to delete this program completely. The committee agreed with the sub-committee's recommendation.

Rep. Specking referred to the Alaska Skill Center and said the training allowances were never shown in the budget by either the Department of Labor, Education, or Health & Social Services. Therefore, the figures appear contorted due to the deletion of the figures which were actually granted to the Skill Center. Mr. Vernon explained that in FY 72 and 73 there was considerably more MDTA money available. Funding flowed through the Department of Labor, but they did not show it in their budget since it was a direct grant. In order for the Skill Center to remain open, they will need about \$1 million in program receipt funds, and unless they fill at least 150-160 slots they will be in trouble. Rep. Specking said about \$800,000 had been run through the Skill

LEGISLATIVE  
INTENT

Center in this manner, and had never been shown in the budget. Rep. Haugen moved and asked unanimous consent to recommend the Governor's figures for the Skill Center, and Rep. Hillstrand suggested including the intent that if more federal funds, other funds, or program receipts are received, the general fund portion will be reduced accordingly. The committee approved the motion and the legislative intent regarding funding.

LEGISLATIVE  
INTENT

Regarding Old Age Assistance, the committee approved legislative intent stating the Old Age Assistance program will be reduced in the event the longevity bonus payments are counted as income.

The committee recessed and returned to discuss program categories of Development, Administration of Justice, and Natural Resources.

Adjourned: The meeting adjourned at 10:10 P.M.

HEALTA

HOUSE FINANCE COMMITTEE

February 17, 1973

9:10 a.m.

PRESENT: Chairman Hillstrand; Representatives Barber, Haugen, Freeman and Specking; and Representative Helen Beirne. Also present were: Dr. Fred McGinnis, Commissioner, Department of Health & Social Services; Dr. Donald K. Freedman, Director, Division of Public Health; Roger Lang, Comptroller, Department of Health and Social Services; Ms. Edna Crawford, Division of Public Health; Ms. Frances Fleek, Division of Public Health; and Leif Thorne-Thomsen, Division of Public Health.

Chairman Hillstrand called the meeting to order, and stated that the purpose of the meeting was to take up the program category of the budget, Health. He turned the meeting over to Representative Freeman, sub-committee chairman on this category.

HEALTH Representative Freeman stated he would take a little time to offer an explanation for his approach to the budget and then he would present a summary of his recommendations and answer questions.

Representative Freeman stated he did not feel the committee should hear his recommendations and then close the book on this budget; the committee should consider his recommendations and hear from departmental witnesses at a later date.

Representative Freeman stated there were two problems facing the Finance Committee in setting figures on this budget; the first problem is the uncertainty of the pipeline and state finances in the future; the other problem is the question of federal funds available to the state. Originally, Representative Freeman said, he had hoped that the information on federal funds would be available so the problem could be firmed up, but it appeared that it would now be several weeks before the answers to questions on federal funds would be available. Representative Freeman said it was his intention to propose to the committee that they try to make provisions in the budget document for the level of federal funding as it affects the state.

Representative Freeman stated that there are many programs in the category that are desirable, and it was up to him to make the decision of whether the state could afford them. He said he tried to take a simple approach and went

## HEALTH

Commissioner McGinnis stated that the department was aware that there would be a cut in Hill-Burton funds; federal allocations have not been released for this year, however, and Alaska does not know where it stands federally as far as Hill-Burton. Representative Barber asked how soon it would be before the state would receive information on the funds from the Federal Government. Commissioner McGinnis stated that the information should be received at mid-month and would be mailed to Alaska immediately.

Chairman Hillstrand asked to discuss the area of Environmental Health, and asked Dr. Freedman to explain what this program does for the people of Alaska.

Dr. Freedman said that the Environmental Health budget insures for the people of Alaska that the food they purchase is safe (both wholesale and retail) and that it is not contaminated; it assures that water supplies are pure and safe in most every area of the state; and it assures the fisherman that national and international sale of seafood and shellfish can be made. Dr. Freedman stated that the budget for Environmental Health will help to assure the growth and development of the shellfish industry in Alaska since federal requirements are that every beach be inspected on an ongoing basis if shellfish are to be picked. He said that there are three beaches in Alaska which his division has inspected for the past several years and which have been tested; this has resulted in a small commercial industry. He said there is a potential in the state for a commercial clam harvest of sixteen million pounds; currently, from the three beaches inspected and tested, there is a total harvest of two million pounds annually.

Representatives Fritz, Hackney and Laktonen entered the meeting at 9:55 a.m.

Representative Haugen stated that he felt the division should spend more time policing the amount of time fish are held in fishing boats, rather than worry about the shellfish industry. Dr. Freedman said he would look into this further. He stated that the division was understaffed and that he would have to bring in the Chief of Environmental Health to answer questions about this area.

Representative Haugen asked about the move made by the Environmental Health lab to the vicinity of Bartlett Hospital; he asked if the rental was \$40,000 per year. Dr. Freedman stated he thought that was correct. Representative Haugen asked what the area of the building was.

## HEALTH

Representative Specking stated he would like to discuss the reduction in General Relief Medical and the Medicaid program; he said the Legislature was sold the Medicaid program on the basis that it would relieve the General Relief Medical costs, and he would like to hear additional testimony in that respect. He said he would like to know if Medicaid constituted just an additional program or if there were savings to the state involved.

Representative Haugen asked if there were state nurses, under the Rural Nursing program, in the same areas as were located Public Health Service Nurses. Ms. Crawford stated that all of the Public Health Service nurses (federal) were located in the Public Health Service hospitals.

Chairman Hillstrand directed the following question to the witnesses: "In the event that the body decides that in order to be prudent there would have to be additional reductions in General Fund allocations, would you venture to offer suggestions as to where in Public Health they could be made?" Commissioner McGinnis stated that the department had asked all of its division directors to study their budgets in relation to the Governor's proposed level and the fiscal problems facing the state. He stated that the department would be able, in the near future, to respond with some specificity to further changes other than those recommended by Representative Freeman. Commissioner McGinnis said that the division directors had not yet turned in the results of their studies, and he asked if Chairman Hillstrand desired a response to the question at the meeting in progress.

Representative Freeman stated that he wanted to be fair, and that he felt the department should have an opportunity to study the matter and the committee could question the witnesses at a later time.

Chairman Hillstrand asked what the program "Comprehensive Health Planning--Construction and Licensing" entailed. Commissioner McGinnis stated that under federal law a licensing and review program was required to review all health facilities plans; this ties in with the Hill-Burton portion of the Health budget. Chairman Hillstrand asked if all three could be considered as administrative costs incidental to participating in the federal programs. Commissioner McGinnis stated that was a valid statement.

Representative Barber asked Commissioner McGinnis to indicate to what extent he expected federal cuts in the Health budget. Commissioner McGinnis stated that he expected it to be cut very little.

HEALTH

back to the FY 73 budget or to the FY 74 Maintenance level (whichever was the lower) and tried to take the budget and eliminate all new positions, all new programs, and all enrichments except in those cases where they were federally funded, in order to protect the General Fund of the state. Representative Freeman stated he did not propose to be inflexible on the thing, and he felt sure the people involved in the programs would be able to tell him where he might have "gone wrong" in his analysis. Representative Freeman circulated his sub-committee recommendations on the Health budget to all present at the meeting.

Representative Freeman stated that his recommendations represented an increase of \$9.2 million over FY 72 authorized, and a decrease of \$3.6 million below the Governor's recommended figure for FY 74. He said that the only change of substance was a deletion in General Relief Medical; and he said he was admittedly a bit arbitrary in this program, but that his reasoning was that the program is only one year old and with the advent of Medicaid in Alaska (which is 50% federally funded), it could be cut back to the 1973 level. Representative Freeman advocated a reduction of \$492,400 in this program, which is 100% state funded.

Representative Freeman said there were other areas in the Health budget which were totally state funded, such as Harborview Hospital and the Alaska Psychiatric Institute, but that he had not tampered with those since he felt it involved a policy decision that should be made by the whole committee. He also stated that he had not made any recommendations on the salary increase since he felt that was a decision to be made by the entire Legislature. Representative Freeman said the rest of the reductions boil down to trying to hold the line at the present level and still make some allowances for inflation and wage increases.

Representative Barber asked how closely this method followed what had generally been considered as a pattern for reduction of the budget. Representative Freeman stated that the pattern had not been firmly pointed out to him; he said he was simply trying to take an approach that would be prudent and politically possible.

Representative Barber asked if Representative Freeman felt he could make any larger cuts in this budget. Representative Freeman stated there were other areas where reductions could possibly be made, but he felt it would have to depend on the will of the body or the consensus of the committee--he would not be willing to attempt it alone.

## HEALTH

Dr. Freedman did not know what the area of the building was. Representative Haugen asked who the owner of the building was. Dr. Freedman stated it was Mr. Bachner and he thought the square footage they rented was 5,100; they do not rent the basement.

The committee discussed the possibility of the Division of Environmental Health and the Department of Fish and Game doing work in the same areas which might result in overlaps. Dr. Freedman stated that the division was very sensitive to duplication and overlaps; each agency concentrates on its own area of expertise. Mr. Thorne-Thomsen indicated that the Department of Fish and Game sends the clams in that are tested. Representative Specking recommended that the people in remote areas conducting inspections of food establishments might be employed in other areas of endeavor such as inspecting fishing vessels.

Representative Beirne asked how much of the work done by the Arctic Health Research Lab would fall back to the Division of Environmental Health if that facility were phased out. Dr. Freedman said that they had computed the cost for the division to do this work at \$80,000, but that the division would have no staff to do the research on rabies or fish disease presently being carried on by Arctic Research.

Chairman Hillstrand asked if the work of the division was made cumbersome by virtue of federal requirements. Dr. Freedman stated that in the majority of cases, those requirements were positive and helpful ones and set up desirable standards.

Chairman Hillstrand asked Commissioner McGinnis to provide the committee with a chart of authority for the department in addition to the report regarding further possible cuts in the Health budget.

The committee discussed possible overlaps between the Department of Health & Social Services and the Department of Environmental Conservation. Dr. McGinnis stated that when the new department was created, the functions were moved to the new department were transferred out of the Department of Health & Social Services. He said he was not aware of anything that is overlapping. The Department of Environmental Conservation is concerned with "what man does to the environment"; the Department of Health and Social Services is concerned with "what the environment does to man."

HEALTH

Representative Hackney stated that in Fairbanks there is the impression that there is a good health facility at the University of Alaska that is not always taken advantage of, and that perhaps the testing that is being done at the State Office Building could be done there.

Dr. Freedman stated that many state agencies ask the lab to take on additional work in the area of testing, and the division always does it; he said that the people in the labs work nights and weekends. Dr. Freedman stated that the Federal Government gave the division additional monies to put on additional people in the area of venereal disease since all specimens are sent to the state labs. The Federal Government stated that they would make available these funds if the division would strengthen their labs; the division has, therefore, asked for one new position in the lab and one clerical position. If these positions are eliminated, Dr. Freedman said, the Federal Government may take away some of the funds. Representative Haugen asked how much of the division's budget was federally funded. Dr. Freedman said it was roughly 10%. Eleven new positions are requested; they are all state funded.

There were no further questions of the witnesses, and Representative Freeman thanked them for appearing; the witnesses left the meeting at 10:35 a.m.

The committee discussed the schedule of budget hearings for the following week.

Representative Ferguson arrived at the meeting at 10:45 a.m.

ADJOURN

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

HOUSE FINANCE COMMITTEE  
February 23, 1973  
1:45 P.M.

Present: All members present, with the exception of Representatives Hillstrand and Ferguson. A. B. Colyar, M.D., Medical Director, Greater Anchorage Area Borough Health Department

HEALTH Rep. Haugen called the meeting to order. Dr. Colyar was Greater Anc. present to request an increase in the budget for the Greater Area Bor. Anchorage Area Borough Health Department and explained the Health Dep. following:

The department started in 1926 to take care of public health problems. In 1964 the borough voted to take over the department and develop area-wide health services. During the past two years the department has attempted to develop additional services, particularly related to mental health counselling and alcoholism control. Funding comes from a combination of local taxes, small fees, state funds and federal funds.

An additional \$200,000 is requested from the state, due to a reduction in Title IV and XVI funds from the federal government. The change in federal funding will create a state of confusion, since state and local governments have set up systems that are now being changed. Grants may be phased out and a form of revenue sharing apply.

Dr. Colyar distributed a letter to the committee explaining in detail the program and the request for additional funding (see attached).

The committee questioned the services provided at the health centers, to which Dr. Colyar replied they hold clinics for family planning, well-child clinics, immunizations, counselling on alcoholism problems, general family counselling and marital counselling. Office space is provided for other social workers visiting the area, and space is also provided for other personnel employed by the borough (rent is allocated accordingly). Rep. Specking asked how much money goes for capital improvements, to which Dr. Colyar replied none.

Answering other questions, Dr. Colyar said the department originated because they felt better service could be provided locally rather than have the basic authority reside with the state. In 1964-65, the borough decided to go into a more extensive program and provide a better level of service and transferred 67 employees from the state payroll to the borough. \$500,000 was given to the borough to assume the responsibility. The state does not duplicate the services provided by the Greater Anchorage Area Borough Health Department.

Funding the program was questioned, and Dr. Colyar stated it is found in the budget in the program category of Health. \$500,000 was granted and an additional \$200,000 is requested. Since the loss of Title IV funds, the federal government grants money under a different policy, where the individual patients are charged what they are able to pay and the balance of the bill is submitted for federal reimbursement. In the past, as a public agency, the department has not paid attention to the cost of services provided because they have been forced to live within the appropriation. Dr. Colyar stated the new policy will result in a more efficient operation.

Rep. Haugen asked about detox centers. Dr. Colyar said they are using the Honor Farm, both as a detox center and a rehabilitation center. About 60 to 65 cases are taken care of in the Honor Farm.

Recess: The meeting recessed at 2:35 P.M.

February 23, 1973

Earl D. Hillstrand  
Representative  
Alaska State Legislature

Dear Representative Hillstrand:

In Fiscal years 71-72 and 72-73 the State Legislature appropriated \$500,000 to the Greater Anchorage Area Borough Health Department for community health services, through the Department of Health and Social Services, an increase of \$200,000 over previous years.

These funds were allocated as follows:

	1971-72	1972-73
GAAB, Health Department	\$300,000	\$260,000
Department of Environmental Quality	60,000	100,000
ACCA	77,015	77,015
ARCA	62,985	62,985

Both years programming was made under general guidelines of the contract between the State Department of Health and Social Services, Division of Health and the Greater Anchorage Area Borough Health Department.

The 1972 Fiscal Year Increase of \$200,000 made possible a contract for assistance in analysis of community needs and development of a plan for community wide health services, training of peer counselors in the drug control program, and evaluation and follow-up on all school children found to have hearing loss. Together with local funds it made possible the addition of social services with assistance through the Division of Family and Children's Services.

In December 1971, the Department began to develop and implement extensive plans for expanded health services and a wide range of social services through contracts in excess of two million dollars with the State. The extra State funds provided a portion of the 25% local matching requirement for the contract under Titles IV and XVI. In addition to the contract for direct services, the Department assumed responsibility for fiscal and program management for the community alcoholism services funded through the Office of Alcoholism.

Something in excess of \$500,000 of local and State funds were used for the matching share. These were funds supporting services eligible for reimbursement. Following the reduction in Titles IV and XVI funds, we attempted to continue the expanded role of the Department within the limits of alternate sources of financing as we have been able to obtain them. These include counseling, information and referral, health care of the homebound, increased outpatient mental health services.

We have established the concept and the capacity for local participation in the provision of a combination of health and social services. We have completely restructured the Department to manage and provide these services, and to support an increasing responsibility for financial and program management for additional community services. We are now able to price out and bill for services.

Federal policy through DHEW will require that local agencies using federal funds make full use of third-party payments - i.e., Medicare, health insurance and the various beneficiary health systems. The GAAB Health Department is now in a position to move in that direction.

Next year, to continue to develop as a coordinator, manager, and as required, provider of services, we will need additional funds. In this regard I hope you will request and support an increase of \$200,000 in funds appropriated for Community Health Services to the Greater Anchorage Area Borough Health Department.

The following tabulation shows the use of the Community Health Service funds for fiscal years 1971-72 and 1972-73, and the need for 1973-74.

COMMUNITY HEALTH SERVICES - STATE APPROPRIATION

	FY 71-72	FY 72-73	FY 73-74
Environmental Sanitation	\$ 60,000	\$100,000	\$100,000
Statistical Services (Evaluation)		28,000	28,000
MCH and School Health, Medical Direction	129,000	129,000	129,000
Child Care	53,000	53,000	53,000
Emergency Medical Services	35,000	50,000	50,000
ACCA - ARCA	140,000	140,000	140,000
Community Study & Plan	65,000		
Peer Counselling (High Schools)	18,000		
Family Services & Management System			200,000
TOTAL	\$500,000	\$500,000	\$700,000

The \$200,000 additional request will help support the health and social services added by use of Title IV and XVI funds, and the system for managing ongoing operations. These include:

Eagle River-Chugiak Health Center	\$118,272
Fairview Neighborhood Health Center	\$125,384
Eagle Street Health Center	73,802
Management services	<u>62,667</u>
	\$380,125

Built in costs will require additional funds making up a total budget for the Department of \$2,879,842, representing an overall increase of only \$113,693 over last year.

If we can maintain this basic operation it will support development of community mental health services, including drug abuse and alcoholism, through combining the resources of federal, State, and local sources. Plans for this development are essentially complete. If we are able to proceed it will make comprehensive services available to 45% of the State's population in the Anchorage area, and extend community mental health services from Palmer to Homer.

Sincerely yours,

A.B. Colyar, M.D.  
Medical Director  
Greater Anchorage Area  
Borough Health Department

cc: Representative E.J. Haugen  
Representative Andrew Warwick  
Representative A.M. Saylor  
Representative Keith Specking  
Representative Alfred Ose  
Representative Edward Barber  
Representative Oral Freeman  
Representative Frank Ferguson

ABC:jw

DNR

HOUSE FINANCE COMMITTEE

March 11, 1973

9:15 a.m.

The meeting was called to order and it was noted for the record that a quorum was present. Chairman Hillstrand turned the meeting over to Representative Barber for discussion of the budget category Natural Resources and Environmental Conservation.

NATURAL  
RESOURCES  
AND  
ENVIRON-  
MENTAL  
CONSERVA-  
TION

Representative Barber recommended the figure of 26.1 for the BRU Village Safe Water. The \$3 million bond issue approved in 1970 under the Village Safe Water Act was discussed by the committee; it was the consensus of the committee that Commissioner Brewer appear to answer questions on these funds.

Book  
Two

Representative Warwick questioned the committee recommendation of 43.4 for the BRU Land Use; he said the amount for personal services was 34.0 and covered only one employee. Mr. Barker stated that the employee was used primarily to review pipeline specifications.

The committee discussed the BRU Permafrost. Representative Freeman stated he felt this BRU should be zeroed out and the work done by the University of Alaska. Representative Barber commented that Dr. Brewer is a world renowned permafrost expert; Representative Specking stated he felt that eliminating this BRU would delay the pipeline. Chairman Hillstrand stated that this BRU should be flagged until the committee could ascertain if the University of Alaska has a permafrost section. Mr. Barker stated that the people in this section are engaged entirely in evaluating the pipeline corridor.

Representative Barber stated that the recommendation for the Office of the Commissioner was 214.5; this would delete last year's new position.

Under the BRU Administration & Support, Advisory Board, Chairman Hillstrand questioned the amount for outside travel. Under Southeast Region, Representative Barber recommended 30.4 and cutting the Environmental Field Officer position.

The committee discussed the Prince William Sound BRU; Representative Barber suggested it be "zeroed out". Representative Specking stated that he felt this was another area where a deletion would delay pipeline construction. Representative Barber said that he was trying to eliminate all new positions in this category. The committee discussed the fact that the Prince William fishermen have brought an environmental suit against the state, and the position might be helpful in fighting that action. Chairman Hillstrand stated that this BRU should be flagged and the committee would come back to it later.

The committee discussed the Land Planning element under the BRU Habitat. Mr. Barker explained that this section evaluates fish and game resources in areas scheduled for development. Chairman Hillstrand stated that this area should be flagged for reconsideration after the committee has heard testimony from the Commissioner.

NATURAL  
RESOURCES  
AND  
ENVIRON-  
MENTAL  
CONSERVA-  
TION

Under the BRU Parks & Recreation, Nancy Lake, Representative Barber recommended 103.9, which would cut out one maintenance crew (3 Laborer positions, one Maintenance Mechanic I and one Maintenance Mechanic II). Under Chugach, he recommended 173.7, which allows for the purchase of a new truck. Mr. Barker explained that there are 215 camping units within the Chugach State Park. Representative Barber recommended 64.0 for Katchemak, and stated that the position costs had been cut since the Captain Cook area would not open until August. The committee discussed the need for a Lifeguard position, and decided to flag this element for further consideration.

Representative Barber recommended 85.7 for Chilkoot which allows for the purchase of a pick-up truck.

Representative Barber recommended cutting 10.3 from Chena (one Clerk Typist III position) for a total of 146.8.

The committee discussed the Design and Construction element of Parks and Recreation, and the element was flagged for further consideration since the committee felt the section duplicated the design sections of the Departments of Public Works and Highways.

The committee discussed the Historic Preservation BRU; Representative Barber recommended the figure of 48.4. Five members of the committee voted to change the figure to -0-.

Representative Freeman stated that in the Ketchikan area there is a state park (Totem Bight) which apparently will have no maintenance funds after July 1, 1973. He had ascertained that the yearly maintenance cost for the park was \$15,000, and requested that it be included in the Parks and Recreation BRU. Representative Haugen suggested that an item of intent be included on the summary page stating that the park would be maintained, or that it be made a line item addition under contractual services. Mr. Barker suggested that it should be included in the maintenance budget.

Representative Eliason entered the meeting at 10:20 a.m.

The committee discussed the Parks and Recreation Administration and Support element; Representative Barber had recommended the figure of 199.7, which included establishment of a new position--Grant Administrator. It was the consensus of the committee that this new position be deleted; the total for the element would then be 182.8.

Representative Barber recommended the figure of 287.0 for Administration and Support which would cut funds for pipeline surveillance.

The committee had completed their discussion of Book Two on Natural Resources and Environmental Conservation. Representative Haugen stated that he would like to have the money allocated for shrimp research moved into herring research. Representative Hillstrand stated that the special committee on resources should look into that possibility. Representative Warwick stated he felt the committee should hold off on any action until the tentative total of the budget was made.

NATURAL  
RESOURCES  
AND  
ENVIRON-  
MENTAL  
CONSERVA-  
TION

Representative Haugen stated that he would like to recommend that the Commissioner of Fish and Game be instructed to study means of reorganizing his department.

The committee briefly discussed the scallop industry in Alaska. Representative Haugen stated that problems had arisen in the past due to scallop and crab fishing areas being mingled; scallop gear would sometimes destroy crab gear when it was pulled. Representative Haugen said, however, that there are areas where scallops could be fished that are not crab areas. Representative Saylor asked that some consideration be given to the scallop industry in the budget.

RECESS

A recess was called at 10:55. After the recess, the committee went into a discussion on bills.

HOUSE FINANCE COMMITTEE

March 12, 1973

8:15 A.M.

Rep. Haugen called the meeting to order and noted for the record that a quorum was present. Also present to testify were Dr. Max C. Brewer, Commissioner, Department of Environmental Conservation; William C. Fackler, Deputy Commissioner; Harry Aase, Administrative Assistant, Department of Natural Resources.

Natural  
Resource  
Management  
& Environ.  
Conservat.

Rep. Barber chaired the meeting for discussion of the Natural Resource Management & Environmental Conservation budget.

Quality Control, Village Safe Water, was questioned. Dr. Brewer explained the problems concerning sewage installations at Emmonak and Wainwright due to lack of technology in the villages in operating such facilities. Federal installations have been turned over to the villages to operate, and they have neither the funds nor the technology to maintain them. One solution was to work out an agreement with State Operated Schools to maintain the facilities. In 1963 a multi-million dollar sewage treatment plant was installed in Barrow by the federal government, which is now not in operation due to lack of knowledge. The BIA has continued working on the problem, but it is not operating properly. People are interested in the construction of such facilities, but then they are left to decay, continued Dr. Brewer. The federal government estimates the facilities at Emmonak and Wainwright cost between \$500,000 to \$600,000 per installation.

The state is working on five other installations at the present time, and Dr. Brewer listed them. The Northway operation runs about \$1,000 per year to operate and the Nulato operation will cost the State Operated School system about \$10,000 per year to maintain.

The federal government investigated the possibility of a new sewage treatment plant in Barrow, which they estimated would cost \$17,492,000, or \$45,000 per house. This would service only new construction, not existing houses, and the operation of the facility would run between 6% to 20% per year of the capital investment. The federal government decided it was too expensive and discontinued the project.

Rep. Barber questioned the transfer of an employee to Village Safe Water from Water Quality, which Dr. Brewer said was just a shift to spell out the responsibilities of the employee. Both Elements are under the engineering aspect and this was not a creation of anything new.

Rep. Specking asked about the Safe Water Act, proposed last year, and Dr. Brewer said this legislation never passed. The department has had to use considerable leeway on the intent of the original bill.

Permafrost, Page 132, was questioned by Rep. Barber. Dr. Brewer said Alaska has about 85% of its land mass with permafrost conditions, and trying to approach construction problems without some background in permafrost is nonsense. This unit also considers problems which may result from construction of the trans-Alaska pipeline, and the division, at present, is non-operational due to the pipeline delay.

Rep. Barber asked if there was any duplication with research being done by the University of Alaska. Dr. Brewer replied the University does not teach a course in permafrost, but does discuss it in Arctic Engineering. The United States, compared to other nations, is not too knowledgeable in this field and is only allotted 35 slots in the Permafrost Conference versus 40 slots for Canada and 100 for the Soviets.

Rep. Warwick asked if there would be any benefit derived from this research, to which Dr. Brewer said the State of Alaska should not appropriate any money to capital improvements, even in Anchorage, without a study of permafrost. Money is wasted, continued Dr. Brewer, and he gave as examples the post office in Nome, construction in Bethel, Dillingham, etc. If the state is not going to provide the knowledge, the state should be out of capital improvements in all areas where there is permafrost. Dr. Brewer stated it was lack of knowledge that prevented the issuance of the permit for the pipeline. The University does basic research, but not applied technology. Studies done by the Bureau of Public Roads in 1956 are now being used by the Department of Highways to apply to the study of access roads for the pipeline. Information is provided by Alyeska and also by the Corps of Engineers, but the state should not relinquish control to either private industry or the federal government. Dr. Brewer described some of the problems with pipe casings due to permafrost.

Returning to the Safe Water Act, Rep. Haugen asked how much money is expended under this program. Dr. Brewer said \$750,000 will be spent by June of this year, and \$1.5 million in the next fiscal year. Rep. Haugen requested a written report on what is planned for this summer under the program.

Rep. Hillstrand noted that one of the concerns of the finance committee was to avoid duplications for program costs. He requested Dr. Brewer to include in his report any recommendations to prevent duplications in permafrost research with the federal government, private sector, and the University of Alaska.

Rep. Barber referred to page 147, Prince William Sound, and asked Dr. Brewer for a statement. Dr. Brewer said the only economical way to design or control pollution is through prevention. Unless some information and planning is provided, the state is put in the position of a janitor. The intent of this program is to have

input prior to the issuance of a permit, and Dr. Brewer felt the position in Valdez was necessary. The problems which will arise from the construction of the pipeline will have a far greater environmental impact than the pipe itself. There is also a non-functioning sewage treatment plant in Valdez, for which the citizens have requested maintenance from the state, continued Dr. Brewer. There is massive pollution throughout the state now, and prevention of pollution will be far less expensive than clean-up or janitorial work will be.

Rep. Barber referred to page 152, Habitat, Land Planning, and asked why there was a repetition of land planning throughout the budget. Dr. Brewer replied each department had a different function regarding land planning, as Natural Resources is concerned with the disposal of land and Environmental Conservation is concerned with the prevention of pollution. Mr. Fackler added each department looks at it from whatever position they are in, or the area in which they are concerned. Mr. Aase said the three departments, Natural Resources, Fish & Game, and Environmental Conservation, have a cooperative agreement for use of Title III money, which they share under a matching program with the federal government to develop staff. The split, as shown in the budget, is an attempt to put the expertise of various departments to the problem, said Dr. Brewer. From the standpoint of land use, it could be argued that the positions could be put into one department, but there would be various experts in one department and it would still cost the same amount of money. Dr. Brewer continued by saying that money is going to the decision of what will happen to 220 million acres of Alaska. Many in federal government would be happy to see the funds deducted from the state budget, because that would mean there would be no land use planning commission and all of Alaska could be a park. This is the state's opportunity to have some voice in what is desired regarding the federal lands in Alaska.

Dr. Brewer mentioned the state does not have funds for effluent discharge as required by the Clean Water Act. If the state wants to issue an effluent program, it would require hiring 40 people to do the paperwork for funding. Dr. Brewer said he has mentioned the program to the Governor, but has not requested funding. He gave an example of fifteen fish processors in Kodiak who are in violation of the water quality act, and similar situations exist in Cordova and Wrangell.

Page 160, Conservation Corps, was questioned. Mr. Fackler said this was passed last year by Congress but not funded, and the amount requested will pay the state's portion. It is 80/20 federal funds, and possibly would not be funded until the summer of 1974, continuing at the same level of funding. The money allocated last year will be lapsed.

Rep. Barber referred to page 169, Parks & Recreation, Kachemak, and asked why there was a lifeguard there. Mr. Aase said there is one seasonal lifeguard provided for the park. Vehicle rental was questioned, and Mr. Aase said it probably was a contractual service for pick-up of garbage. Rep. Hillstrand asked if this project was necessary, to which Mr. Fackler replied he "could live without it."

The committee asked why Design & Construction was listed on page 179 under Parks & Recreation, and if the program should not come under the responsibility of Public Works. Mr. Fackler explained it was part of the bond issue for park construction.

Rep. Freeman noted a letter he had received concerning Totem Bight Park, and asked where this would be funded in the budget. Mr. Aase replied it would be under the Division of Parks, Maintenance.

Recess: The meeting recessed at 9:50 A.M.

AFTER RECESS

NAT. RES.  
MGMT. &  
ENV. CONS.

During a discussion on the budget, Rep. Warwick suggested deleting Habitat, Department of Fish & Game. The total figure recommended by the Governor for this BRU was \$255,500. Rep. Haugen moved and asked unanimous consent to delete the program in its entirety. Rep. Barber objected, and the committee discussed the funding of this program. A vote was taken to delete Habitat, six members voted yes, three members voted no. Motion carried.

Rep. Ferguson referred to Fire Suppression, Department of Natural Resources, and stated the funding was too high. Rep. Hillstrand suggested drafting a bill to control the expenses of the Fire Suppression program, and to let fires burn unless they threatened life or property. The committee discussed the problem, and decided to defer action until a later time.

PUB

ROT

HOUSE FINANCE COMMITTEE

February 19, 1973

2:05 p. m.

Present: All members except Mr. Warwick. Senator Groh was also present.

PUBLIC  
PROTECTION

Chairman Hillstrand called the meeting to order and said the committee would consider the budget for Public Protection. He turned the meeting over to Representative Specking, the subcommittee chairman.

Representative Specking had distributed a presentation which explained the significant areas of reduction. He said that his presentation would exclude Occupational Safety and research and analysis on Occupational Safety. They have been unable to accumulate sufficient information to work on this. Mr. Specking said they hope this information will be available from the Department of Labor next week.

Mr. Specking said the subcommittee recommendation disallowed most of the new employees.

The subcommittee recommendation was the elimination of Oil and Gas Transportation. Mr. Specking said that he believed there will be further delay in building the pipeline. He said this area has an enormous amount of money while regulation, for all practical purposes, is something that doesn't exist.

In answer to Mr. Saylor, Mr. Specking said the subcommittee recommendation for Military Affairs is to allow the Governor's recommendation for 74.

Mr. Saylor then questioned the \$100.9 decrease for Consumer Protection recommended by the subcommittee. Mr. Specking noted the subcommittee recommendation is to disallow 4 additional positions.

There was a brief discussion on the Alcoholic Beverage Control - Enforcement section. Mr. Specking said in this area the subcommittee recommended going below the actual FY 72 level. Mr. Saylor pointed out as there are more and more bars in the state they will have to have more enforcement.

Mr. Hillstrand asked if the percentages in reduction shown in the handout are from the Governor's recommendation.

Mr. Specking said yes. Mr. Hillstrand said then the subcommittee recommendation would be roughly \$190,000 under the FY 73 figure. The subcommittee has determined the difference is in FAT and the carcass remains to conduct the work. Mr. Specking agreed that this was true.

Mr. Hillstrand left the meeting.

Mr. Barber asked if there was a standard percentage reduction used for this budget. Mr. Specking said this was "very broadly at the FY 73 level." A brief discussion followed. Mr. Barber said he was searching for a "common denominator" to be used for all FY 74 budgets.

Mr. Haugen announced that the special committee on fisheries would meet February 20, at 7:00 p.m. He suggested Dr. McNeil and the fish and game manager from the Forest Service might be asked to attend in order to establish areas where they might coordinate activities of all fisheries rehabilitation.

Adjourn: The meeting adjourned at 2:30 p.m.

JUST.

HOUSE FINANCE COMMITTEE  
February 22, 1973  
3:15 P.M.

Present: A quorum was present.

Chairman Hillstrand called the meeting to order.

ADMIN. OF  
JUSTICE

Representative Ferguson reported on the budget category of Administration of Justice. He stated that notices had been sent to the Chairmen of the State Affairs Committee and the Judiciary Committee, although neither member was present.

AFTER RECESS  
9:52 a.m.

Present: All members.

ADMINISTRATION  
OF JUSTICE

Chairman Hillstrand called the meeting to order and turned the chair over to Mr. Ferguson for a continuation of the budget for the Administration of Justice.

Mr. Ferguson distributed sheets pertaining to the subcommittee's recommendation on the Court System. He said he felt the only questionable item that he had deleted was the District Judge from Valdez. He said because of the pipeline construction delay he did not feel it was necessary to fund this for the next fiscal year.

The committee then requested a more detailed explanation of the subcommittee's recommendation and Mr. Ferguson requested Mr. Grogan to prepare this.

Recess: The meeting recessed at 10:00 a.m.

AFTER RECESS

ADMIN. OF  
JUSTICE

The committee referred to the program category of Administration of Justice for any questions regarding the sub-committee's recommendations.

Rep. Freeman believed the funding was too low for the Court System and stated too much was cut from the program. Rep. Ferguson said unauthorized personnel were deleted and 40% was cut from the travel request. Rep. Ferguson said the budget, as recommended by the sub-committee, was workable and he did not want to see any increase in this program. The committee discussed the problem. Magistrate's salaries were questioned, and Rep. Ferguson said the Court System had the authority to increase magistrates' salaries. Rep. Freeman noted Justice Rabinovitz and the Judicial Council had worked on the budget, and he believed they had presented an honest request, with no "fat" allowed. Rep. Freeman also objected to the recommended figure for the Judicial Council, and believed they should be granted sufficient money to do the job that the constitution mandated them to do. Rep. Ferguson disagreed, and stated he would continue to support his original recommendations as sub-committee chairman of Administration of Justice. The committee discussed the situation at length, and decided to defer action until a later time.

Rep. Freeman requested information on funding for equipping the Ketchikan Court House, and the staff would provide this information to him at the next meeting on the subject.

AFTER RECESS

Following a discussion on the program category Development, the committee referred to Administration of Justice.

ADMIN. OF  
JUSTICE

Rep. Freeman noted the sub-committee's recommendation was \$6,381.7, and argued that this was not enough money. The committee questioned if there were increases allowed for magistrates' salaries, and Rep. Ferguson said the Court System has the authority to increase salaries according to what they feel individual magistrates are worth. Rep. Ferguson argued there was fat in the budget last year and more fat in the request for FY 74. Rep. Freeman said he had faith in Justice Rabinovitz and that the Court System should be funded adequately to speed up justice.

Rep. Freeman moved and asked unanimous consent to increase the Court System budget for FY 74 to the Governor's figure. Rep. Ferguson objected.

Rep. Freeman moved and asked unanimous consent to show an overall finance committee recommendation of \$9.4 million for the Court System. Rep. Ferguson objected.

The meeting recessed at 5:15 P.M.

HOUSE FINANCE COMMITTEE

March 16, 1973

4:30 P.M.

Chairman Hillstrand called the meeting to order and noted for the record that a quorum was present.

ADMIN. OF  
JUSTICE

Rep. Ferguson conducted the meeting for a discussion of the Administration of Justice budget request. Rep. Warwick moved and asked unanimous consent to fund the Court System and the Judicial Council at a total of \$9.4 million, and listed the funding for individual BRU's. Rep. Hillstrand and Saylor objected. A vote was taken and Rep. Warwick's motion carried by a vote of 5 to 4.

The committee discussed the budget request for Education (see budget minutes).

DEV

HOUSE FINANCE COMMITTEE

March 8, 1973

3:05 P.M.

Chairman Hillstrand called the meeting to order and noted for the record that a quorum was present. Also present as witness was Bill Sheffield, representing the Alaska Visitors Association. Rep. Warwick conducted the meeting, as sub-committee chairman for the budget program category Development, and asked Mr. Sheffield for his comments.

DEVELOPMENT  
Promotion  
of Tourism

Mr. Sheffield stated the Governor's Budget Review Committee had recommended \$1,144,400 for Promotion of Tourism in FY 74, which excluded \$10,000 for matching grant programs used throughout the state to further tourism and excluded \$25,000 for camper travel (advertising mainly in camper magazines). A slight increase for media advertising was allowed, but costs are now from 18% to 30% more for the production of ads, so actually no increased advertising will be possible.

There were 182,300 tourists visiting Alaska last year, and the A.V.A. anticipates an increase of between 14% to 16% this year, for a \$65 million total economic impact to the state, continued Mr. Sheffield. Income to the state is estimated to be about \$7 to \$9 million based on licenses, permits and various taxes. It is estimated that about 5,220 jobs in Alaska relate to the tourist industry. Mr. Sheffield distributed more detailed data to the committee (see following pages).

Mr. Sheffield said the state had been successful in obtaining the ASTA convention for Anchorage this year, which will bring 850 travel agency representatives from the western states to Alaska. A.V.A. is requesting that the state offer some support in hosting these people, as this group feeds other tourists to Alaska. A considerable amount of money has been spent already by A.V.A. to procure this convention, and Mr. Sheffield said it is a good program.

The Promotion of Tourism budget was cut by \$35,000 by the Governor's Budget Review Committee, and Mr. Sheffield requested the finance committee to restore the deletions. He asked also that the committee consider other programs, such as the ASTA convention, as the industry gives a good return on the money invested.

Recess: The meeting recessed at 3:25 P.M.

VOLUME OF TOURISTS  
1964 - 1972

<u>Mode of Travel to Alaska</u>	<u>1964</u>	<u>1967</u>	<u>1970</u>	<u>1972</u>	<u>Average Annual Income</u>
Alaska Highway	23,300	33,950	44,000	63,000	13%
Airline	13,250	20,600	38,000	67,000	22%
Marine Highway	11,650	18,950	20,000	24,500	10%
Cruise Ship	<u>11,000</u>	<u>13,200</u>	<u>27,000</u>	<u>27,800</u>	<u>12%</u>
TOTAL	59,200	86,700	129,000	182,300	15%
Percentage Change		47%	49%	41%	

PERCENT OF TOURIST VISITS TO ALASKA BY MODE OF TRAVEL

<u>Mode of Travel to Alaska</u>	<u>1964</u>	<u>1967</u>	<u>1970</u>	<u>1972</u>
Alaska Highway	39%	39%	34%	35%
Airline	22%	24%	30%	37%
Marine Highway	20%	22%	15%	13%
Cruise ship	<u>19%</u>	<u>15%</u>	<u>21%</u>	<u>15%</u>
TOTAL	100%	100%	100%	100%

Source Note: Cresap, McCormick and Paget, A Program for Increasing the Contribution of Tourism to the Alaskan Economy, 1968.

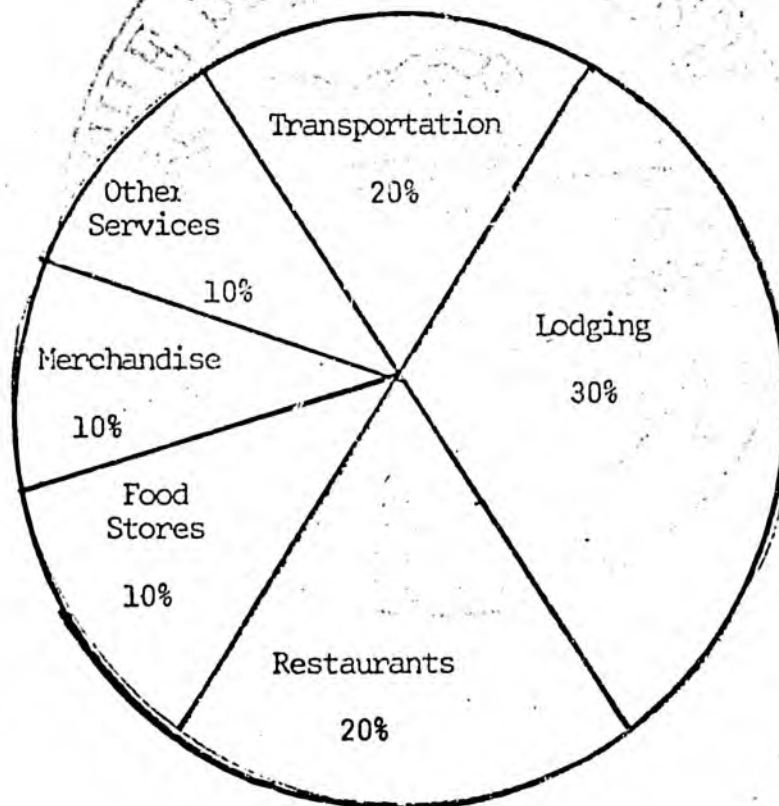
Alaska Division of Tourism, Transportation and its Impact on Tourism, 1973

**EMPLOYMENT AND WAGES IN ALASKA'S  
TOURIST INDUSTRY**

	<u>1964</u>	<u>1967</u>	<u>1970</u>	<u>1972</u>
Number of Tourists	59,000	86,700	129,000	182,300
Tourist Impact	\$18,200,000	29,000,000	45,000,000	65,630,000
*Primary Employment	1,100	1,650	2,500	3,470
Primary Wages	6,600,000	10,900,000	15,500,000	22,922,800
*Secondary Employment	500	750	1,200	1,750
Secondary Wages	3,000,000	4,950,000	7,440,000	11,550,000
*Total Employment	1,600	2,400	3,700	5,220
Total Wages	9,600,000	15,850,000	22,940,000	34,472,800

\*Non-Government Employment

**DISTRIBUTION OF TOURIST EXPENDITURES**



NOTE: Expanded from Creasp, McCormick & Paget study - 1967.

NUMBER OF TOURISTS ENTERING ALASKA

BY

MODE OF TRANSPORTATION

<u>Year</u>	<u>Cruiseship</u>	<u>Ferry</u>	<u>Airline</u>	<u>Hgwy</u>	<u>Total</u>
1964	11,000	11,650	13,250	23,300	59,200
1967	13,200	18,950	20,600	33,950	86,700
1970	27,000	20,000	38,000	44,000	129,000
1972	27,800	24,500	67,000	63,000	182,300
% Annual Increase (average)	12%	10%	22%	13%	15%
1973 PROJECTION					
1973	38,000	25,000	81,700	71,000	215,700
% of Increase	37%	2%	22%	13%	18%

Figures prior to 1968 are from Cresap, McCormick & Paget, Consultants 1968-1972 figures are estimates by the Alaska Division of Tourism based on various performance indicators. 1973 is a Alaska Division of Tourism projection.

NUMBER OF TOURISTS ENTERING ALASKA

FORECAST

REVISED MARCH 1973

Year	Number of Visitors	% Growth
1973	215,700	18%
1974	252,500	17%
1975	287,800	14%
1976	328,000	14%
1977	373,900	14%
1978	426,200	14%
1979	485,800	14%
1980	553,800	14%

The sharp increase of 1973 and 1974 are attributable to a sudden projected increase in the capability of the cruise ship market given the implementation of current plans.

This updated chart also illustrates the additional growth that will be attainable with the development of the Japanese market and a longer tourist season. A 14% annual increase is equal to the historical average growth for the previous eight years.

AFTER RECESS

DEVELOPMENT

During a budget discussion, Rep. Warwick brought up Revenue Sharing under DEVELOPMENT for consideration by the committee. He noted the Governor had funded it at 76%, not 86%, and the workbooks used by the committee were in error. Rep. Warwick recommended Revenue Sharing funded at 100%, which would be a total of \$9,278,000. The committee discussed the various levels of funding and Rep. Warwick stated there were two ways to increase revenue sharing: either through the legislature, or through additional functions assumed by municipalities. Those assuming obligations are entitled to additional revenue sharing. Rep. Haugen said the communities expect funding of revenue sharing at 100%. Rep. Warwick said he would report back to the committee on the following morning with additional information.

HOUSE FINANCE COMMITTEE

March 15, 1973

4:00 P.M.

Chairman Hillstrand called the meeting to order for a discussion of the budget.

DEVELOPMENT

Rep. Warwick referred to Revenue Sharing in the program category of Development, and recommended it be funded at 100%, even though the change would involve a significant amount of money. 100% revenue sharing would amount to \$9,278,500 plus \$200,000 for annexation and \$340,000 for increased aid for hospitals. Rep. Freeman asked if these figures were based on passage of HB 42. Rep. Freeman and Rep. Warwick calculated the figures based on this assumption.

Mr. Hillstrand moved to use the Governor's recommended figure, \$7,100,000 or 70%, plus additional funding needed for shortfalls. Rep. Warwick explained the obligations which various boroughs have picked up which would allow them additional funding. Rep. Saylor suggested a phasing out of the revenue sharing program, funding at 75% this year, 50% next year, 25% the following, etc.

The committee discussed this category, and a motion was made to fund at 92% on a maintenance basis, for a total figure of \$9,035,000. A vote was taken and the motion passed 5 to 4.

Rep. Warwick noted Rural Development Assistance grants have been transferred to other areas, and stated their budget request should not be fully funded this year. He had not received the information he had requested from the department, and therefore recommended RDA grants be funded at \$758.9. The committee took no official action at this time, and discussed the budget request for the Administration of Justice (see budget minutes).

DOT

HOUSE FINANCE COMMITTEE

March 10, 1973

8:40 a.m.

TRANS- A quorum was present. Chairman Hillstrand called the  
PORTATION meeting to order and turned the discussion over to  
Mr. Barber for a review of the Transportation budget.

Recess: The meeting recessed at 11:50 a.m.

AFTER RECESS  
7:55 a. m.

Present: A quorum was present. Chairman Hillstrand called the meeting to order and turned the presentation over to Mr. Barber for a discussion of the Transportation budget.

TRANS-  
PORTATION

Mr. Barber referred to the BRU Trunk and Secondary Airports. In an earlier review, Mr. Ferguson had objected to eliminating the new Fireguard positions. Discussion followed. The consensus of the committee was to leave out the additional employees who would be used as fireguards. There was no objection.

Mr. Barber then discussed the Anchorage International Airport. He read a revised program which pertained to this BRU. Mr. Hogan explained that the budget had requested 6 firefighter guards. The Governor's Budget Review Committee eliminated this. Then on January 22, the Governor signed the order to put 15 positions on duty at the Anchorage International Airport. Mr. Hogan said he felt there was a mistake in the revised program --these positions would be firefighters in the time of emergency but they are acting as security guards. Mr. Hogan said that these 15 positions exist and what the committee should decide is whether they will exist in the FY 74 budget. After a brief discussion, Mr. Ferguson moved that they do not add any new positions. There was no objection.

Under Administration, Headquarters, Mr. Warwick moved and asked unanimous consent to eliminate the Disaster Engineer at \$20,000. No objection.

LEGIS-  
LATIVE  
INTENT

A lengthy discussion followed on Marine Transportation, Promotion and Advertising. The committee decided to accept the Governor's Recommendation with a letter of intent to read code 200 and code 300 expenditures are to be concentrated exclusively on the promotion of winter travel on the Alaska Marine Highway. The office shall present to the second session of the Eight Alaska State Legislature a report detailing improvements in winter travel as a result of promotional activity.

The committee then discussed the General Government Budget.

GEN

GOUT

HOUSE FINANCE COMMITTEE  
AFTER RECESS  
5:35 p.m.

PRESENT: All members except Representatives Saylor and Ferguson;  
and Representative Dick Eliason.

GENERAL GOVERN-  
MENT Representative Eliason stated that the Labor and  
Management Committee had been attempting to ascertain the  
cost regarding House Bill 238 ("An Act to include honorable  
wartime military service in computing retirement benefits  
for state employees.") He said that the Department of  
Administration had asked for \$8,000 to make a cost estimate  
(See attached memo), and he felt that the Finance  
Committee could include the cost estimate as an item of  
legislative intent when preparing the budget for the  
Department of Administration.

The committee concurred that this would be the proper way  
to handle the matter and instructed the staff to include  
the item as a direction to the department when the  
shortform was prepared.

ADJOURN: The meeting was adjourned at 5:50 p.m.