

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2634

SENATE FINANCE COMMITTEE
February 24, 1975
9:15 a.m.

All members of the Committee except Senators Sackett and Hohman were present. PRESENT

Senator Ray called the meeting to order and stated that SENATE BILL NO. 64 (Special appropriation to the Department of Education for the Alaska Skill Center) had been scheduled for discussion. However, the owners of the Van Gilder Hotel, who had requested an opportunity to testify, were not in attendance, so they would go on to discuss other matters. SB 64

Senator Ray scheduled Mr. Pat Wellington to testify on SENATE BILL NO. 63 (Special appropriation to the Department of Public Safety, building security) at 11:00 a.m. SB 63

Senator Ray then made the following bill assignments:

SB 120 An Act relating to day care facilities.--POLAND BILL ASSIGNMENTS SB 120

SB 121 Special appropriation to Dept. of Community & Regional Affairs for funding the day care assistance program.--POLAND SB 121

Senator Ray gave a brief explanation of Working Capital Funds for those members of the Committee who didn't quite understand what it was. He said that in private business if you have an inventory of stock or equipment, and somebody wants to purchase something, and they are on a 100% Revolving Stock Plan, the person who buys the stuff pays you, and you immediately restock it without a profit (except for the expected cost ratio which will appear in about a years time). The difference in State government is that the State appropriates money to the agency who is going to purchase the goods. The reason the State has to appropriate money both to the Fund and the purchaser is that it happens in the same year, and the Fund is charging a rate to pay for equipment being used. WORKING CAPITAL FUNDS

General discussion followed.

Senator Ray said that Health would be the first budget they take up, sometime next week.

Meeting recessed at 9:30 a.m. RECESS

SENATE FINANCE COMMITTEE
Monday, February 24, 1975
11:15 a.m.

The following members of the Finance Committee were present:

PRESENT

Senator Chance
Senator Poland

Senator Rader
Senator Ray.

The following people were also present:

Pat Wellington, Department of Public Safety
Wayne Weeks, Division of Budget and Management
Richard Burton, Commissioner, Department of Public Safety

Chairman Ray called the meeting to order and brought up for consideration SB-63
SENATE BILL NO. 63 (An Act making a special appropriation to the Department of Public Safety, building security; and providing for an effective date).

Senator Rader briefed the Committee with the following statements.

He had met with representatives of the Department of Public Safety on one occasion. They had developed the information and background supporting a 24-hour, 7-day week security force to cover the following government facilities: State Office Building, the Alaska Office Building, Court Building, Community Building, Capitol Building and Archives Building. They are thinking of bringing in the Department of Labor to this system also. Presently the Department of Labor is on a contract with Capital Security to provide these services at an estimated cost of \$15,000-\$20,000. The biggest problem in the new office building is children playing and petty vandalism and theft. He went on to give a more concise explanation of the proposed monitoring system which is given in the bill file. The major problem with this security system is the cost. It is hard to justify a \$230,000 a year security system when the actual property damage due to theft and vandalism is between \$5,000-\$25,000. However, he feels that we must stop this problem before it gets out of hand.

The Senator made a couple of suggestions to reduce the cost of the proposed security system. First, possibly the number of entries into a building could be reduced. He noted in the proposal two or more building entries were allowed for. Also, the computer center seemed to be the area most often in use during non-working hours. Perhaps, it should be relocated to an area where it couldn't be used as access to the rest of the building. This last suggestion was discarded when it was pointed out that the cost would be prohibitive because a location would have to be built to meet the specialized needs of a data center. It was pointed out that there would be a saving by taking over the two security systems that are currently be used. One system, the legislature which runs on a 90-day period for around \$22,000-\$23,000; the other system would be the Department of Labor mentioned above.

Senator Ray asked if, with the exception of the initial purchase of equipment, he was talking about an annual budget of \$55,000.

It was answered that the \$55,000 was a 4-month budget, the annual budget actually would be \$141,000.

Pat Wellington was asked to brief the Committee further on the proposal. He said originally the problem of security developed nine months ago. Around June, the Department of Administration, Department of Public Works, Department of Public Safety, and the Juneau Police Department got together to go over the security problems. He pointed out that one of their problems was that no one wanted to be responsible for security or safety in the various buildings.

The security system they propose is to cover two major areas: (1) the actual physical security of the buildings; (2) the presence of someone around the clock who is responsible for security. The methods they are considering to obtain security are: (1) have one person (guard) on duty seven days a week; (2) use mechanical devices such as electric doors and locks. At present, from a practical standpoint, they would probably use a sign-in -- sign-out system assisted by motion detectors in the hallways. As new buildings are built, the building plans should be reviewed to insure that building security has been considered.

He mentioned that the Highways complexes in Douglas and out the road and the Subport building are not included in this proposal.

Senator Chance expressed her concern about the apparent lack of telephone communication with the guards or someone responsible during non-working hours. There have been times when a guard was needed and the Centrex system was not operating.

Mr. Wellington replied there would be a 24-hour switchboard to take care of these emergency situations and the guards would carry portable radios.

He also mentioned further that this was a pilot program, and if it worked out satisfactorily, Anchorage and Fairbanks would be using a similar system.

Senator Rader moved and asked unanimous consent that SB-63 be moved out of Committee with a Do Pass recommendation. There was no objection, it was so ordered.

MOTION

The meeting adjourned at 12:00 n.

ADJOURN

SENATE FINANCE COMMITTEE
February 25, 1975
9:30 a.m.

Senators Ray, Poland, Chance, and Rader were present.

PRESENT

Senator Ray called the meeting to order and brought SENATE BILL NO. 88 (Special appropriation to the Department of Fish and Game to purchase real property within Potter Point State Game Refuge) up for consideration.

SB 88

Senator Ray referred them to the fiscal note which indicated that \$75,000 in General Funds would be used, plus \$225,000 of Federal Funds.

Senator Ray had talked with Kent Dawson, Director of Budget & Management, who said other monies were available and suggested that there was a possibility of loss. Sen. Ray contacted the Department of Natural Resources, and was told there was about \$116,000 in their fund with a two year life left on it. Sen. Poland explained that if they didn't get the matching funds, we would lose the money after three years.

Senator Poland moved and asked unanimous consent that SB 88 be put out of Committee with a Do Pass Recommendation. There was no objection, it was so ordered. Motion

Meeting recessed at 9:37 a.m.

RECESS

SENATE FINANCE COMMITTEE

February 25, 1975

11:15 a.m.

Senators Ray, Chance, Hohman, Rader, and Butrovich were present. PRESENT
Senator Poland arrived at 11:20 a.m.

Commissioner Lee McAnerney, Department of Community and Regional Affairs, and several members of her staff; Susan Clark, League of Women Voters; Marsha Hubbard, Senator Chance's Administrative Assistant; and , Division of Budget and Management, were also in attendance.

Chairman Ray called the meeting to order and brought SENATE SB 120
BILL NO. 120 (Relating to day care facilities) and SENATE BILL SB 121
NO. 121 (Making a special appropriation to the Dept. of Community & Regional Affairs for funding the day care assistance program) up for discussion. He asked to hear testimony from those people interested in the bills.

Ms. Susan Clark, League of Women Voters, explained that she was a strong supporter of day care, but that she would rather rely on the expert witnesses concerning cost.

All members of the Committee were provided with a fiscal note for CSSB 120. Commissioner McAnerney felt that the Analysis attached to the fiscal note spoke for itself. (See attachment to these Minutes.) She went over the analysis with the Committee, and then through the breakdown of the \$156,941.00 in Administrative Expenses. This breakdown is also attached to the fiscal note which is in the bill file.

Senator Chance explained that basically this was a pilot program to fund existing day care slots in the State.

Senator Rader asked about location, and the Commissioner explained it would be Juneau, Anchorage, Fairbanks, and other areas where day care centers were already set up.

Senator Rader noted that this would be a \$1.2 million program, and he wondered how the money would be spent. Ms. Marsha Hubbard, Sen. Chance's assistant, stated that day care cost \$7 per day per child, or \$35 per week, or \$1800 per year for each child in day care. They would be serving families with incomes between \$4,800 and \$15,000 per year, and they would be provided with day care services on a sliding fee scale.

Senator Rader asked whether people presently on Aid to Families with Dependent Children would be eligible, and Ms. Hubbard said no. However, she added that many on AFDC receive some kind of day care under the WIN Program, Department of Labor, in cooperation with the Division of AFDC.

Ms. Hubbard stated that \$1.2 million would subsidize half of the cost of day care per child. Out of that, they expect approximately 1300 slots. Using 1300 as the total number of slots, the breakdown would be 100 for Juneau, 750 for Anchorage, and 225 for Fairbanks. That would leave some leeway to fund seasonal slots in some areas. The cost would be \$92,000 in Juneau, \$681,000 in Anchorage, and \$190,000 in Fairbanks.

Senator Rader asked about the \$92,000 for contractual services. Mr. Eric Lee, Director of the Division of State Economic Opportunity, explained that the Bill provides that the State contract with local communities to administer the program locally.

Senator Ray asked whether they had ever thought of contacting the Cities and telling them there was a certain amount of money available for day care, if they would provide the staffing and eligibility reports. This would save the \$92,000. Senators Rader and Butrovich both agreed with this. Sen. Rader even suggested that the \$92,000 which was saved could be added onto the funding in SB 121 to provide another 100 slots. Sen. Ray thought that a phone call should be made, for example to Anchorage, to see if they would be interested.

Further general discussion followed, and it was decided they would meet again on these bills at 9:00 a.m., February 26.

Meeting adjourned at 11:55 a.m.

ADJOURN

III. Analysis

A. Assumptions

1. Dept. of Community & Regional Affairs staff would be housed in existing DCRA facilities in Juneau.
2. All case work would be contracted with a local agency.
3. Div. of State Economic Opportunity in DCRA would administer program.
4. It would require 1 man day per month to handle 10 children.
5. First year would be in areas with operating licensed centers or Homes
6. Office space & related costs would be provided in kind by the contractor.
7. At the minimum, eligibility requirements will follow Title XX Social Services Act as amended.
8. SEEO will be funded for FY 76.
9. Assistance will be appropriated at 1.2 million dollars.

B. Program Summary (See attachment #1)

1. Two new positions would be required in the DSEO.
 - a. Coordinator to set up the program, draft regulations & forms, negotiate for contractual services, conduct analysis and evaluation, and general supervise & administration of the program.
 - b. Field Representative would be responsible for training of contracted personnel, on site program monitoring and technical assistance to contractor and other duties as assigned by the Director and Coordinator.
 - c. The DSEO will provide accounting and clerical support with current staff.
2. Travel
 - a. It will be necessary for the Coordinator and Field Representative to travel to the individual communities involved for the purpose of training personnel, contract administration, program monitoring & evaluation.

Contractual

All phases of the program directly related to contract with individual recipients and day-care centers or homes will be contracted to local

agencies in those communities affected. (See formula par. C). Additional contractual cost are primarily for space and support of the new position. (See attachment #1).

3. Other Funding -- None.

C. Computations

1. Based upon the aforementioned assumption arrived at using the Juneau Model City program as a guide and modified to meet state-wide needs the following formula was used to determine the total cost for contractual services (\$81,900.00).

Time required per child = 1/10 man-day

Approximately 1300 children
served by the \$1.2 million
recommended

$1/10 \times 1300 = 130$ man-days per month =
11,700 man-hours per year

Average hourly wage & benefits
for Eligibility Worker II = \$7.00 (approx.)

$11,700 \text{ man-hours} \times \$7.00 \text{ per hour} = \$81,900.00$

2. Travel was based on the estimation that approximately 20 communities would have facilities and eligible recipients during the first year and that two trips during the year would be necessary; the first for training and orientation; the second for follow-up and evaluation.

SENATE FINANCE COMMITTEE
Wednesday, February 26, 1975
9:05 a.m.

The following members of the Senate Finance Committee were present:

PRESENT

Senator Chance	Senator Rader
Senator Poland	Senator Ray

The following people were also in attendance:

Marsha Hubbard, Senator Chance's
Administrative Assistant
Eric Lee, Director, Division of State
Economic Opportunity
Lee McAnerney, Commissioner, DCRA
Elaine Mitchell, Alaska Public Radio
Michael Orellove, Budget and Management
Jennifer Peterson, Model Cities Agency
Rosalie Walker, Juneau 4C's, Inc.

Chairman Ray brought up for further discussion SENATE BILL NO. 120 (An Act relating to day care facilities; and providing effective date). He briefed the Committee members on the discussion concerning this bill in the Committee's February 25 meeting. He asked if there were any further suggestions from the Committee.

SB-120

Senator Chance suggested that the \$92.3 thousand for contractual services be deleted from the Fiscal Note. Senator Ray thought they might have to put the amount in the bill.

Senator Rader commented that if there was some community not organized, the requirements they were proposing might preclude the community. Under these circumstances, the proposed amendment to cut by 50% the contractual services requiring the community to match the funds should only be applied if the day care facility is located in the appropriate area.

Senator Ray instructed the staff to write up an appropriate amendment.

Senator Rader wanted to know what the qualifications of the Coordinator, range 28, were. Senator Ray replied that the Coordinator was to set up the program, draft regulations and forms, and general supervise and administration of the program. The Field Representative would be responsible for

training of contracted personnel, on site program monitoring and technical assistance to contractor and other duties as assigned by the Director and Coordinator. In other words, he is more or less a glorified gopher.

Senator Rader wondered who would be evaluating the training and inspecting the care in the facilities. Senator Chance replied that there would be a contract with a local agency for monitoring the facilities. This would come under a H&SS license. Senator Ray defined the answer further by stating that H&SS people do not monitor the program. All they do is inspect the facilities to ascertain that their regulations are being complied with. These regulations would concern health, sanitary conditions, etc.

Senator Rader asked what kind of inspection or monitoring would be conducted by Community and Regional Affairs. Senator Ray replied that they would check to see that adequate safeguards in the program were maintained, to see that children were being properly cared for, etc. He asked Senator Rader if it was his intention to propose that H&SS take over these responsibilities.

Rader said his only concern was that the two groups might be duplicating efforts thus increasing expenses. He would look into this possibility on his own time and if this is the case, he will then propose an amendment.

There was no further discussion and no new business. The meeting recessed at 9:15 a.m.

RECESS

SENATE FINANCE COMMITTEE
Wednesday, February 26, 1975
11:35 a.m.

AFTER RECESS

The following members of the Senate Finance Committee were PRESENT
present:

Senator Chance	Senator Rader
Senator Hohman	Senator Ray
Senator Poland	

The following people were also in attendance:

Lee McAnerney, Commissioner DCRA
Anne Carpeneti, Legislative Affairs
Rosalie Walker, Juneau 4C's, Inc.

Chairman Ray brought up for discussion SENATE BILL NO. 120 SB-120
(An act relating to Day care facilities; and providing effective date).

He referred to a list of distribution of licensed homes, licensed day care centers, and head start facilities in Alaska and remarked that it appears that after the allocations (Anchorage 750 slots, Fairbanks 225 slots) there are 200 more slots to be distributed. In looking at City and Borough of Juneau and at Fairbanks, they appear almost even. There are more licensed homes in Fairbanks but the same number of slots. However, they are being apportioned two and a half times the slots of Juneau.

Senator Chance answered that Juneau is a very progressive community in providing services in this area, and Fairbanks was not prepared for the on-slaught of additional needs.

Senator Ray asked Senator Rader if he had any additional comments or questions. Senator Rader said he was in favor of the program, that the price was right. He agrees with their methodology. However, he still questions whether or not the program is located in the right Department. After the recess of the 9:00 meeting, he talked with representatives of C&RA and proponents of the program. C&RA does have some activities in this area. As an administration of grants to local government, they say it fits into C&RA. However, looking into details the welfare system should be located differently than it is here. He is at a loss as to how to make a balance. Perhaps H&SS should be asked to appear before this Committee in order

ascertain what they propose. He is afraid that people, particularly low income people who may be employed, would be shuffled between the two agencies. He went on to say he didn't have firm contact with welfare people. He agrees with the point made that this is an administration of a Grant-in-Aid program and C&RA is qualified to do this.

Senator Ray said it was his understanding that day care functions would be handled in C&RA for the simple fact that H&SS is already operating multiprograms. Some are straight out of welfare programs. We are also dealing with middle income groups availing themselves of these services. If H&SS is placed in charge of the program, it would be stigmatized. Only half of the people who would utilize the program are also in the welfare program. The people who would pay would say they are not on welfare so they would not take advantage of the program themselves.

Senator Hohman informed the Committee that he had asked H&SS to indicate a position on the Bill. He expects this to be in his hands this afternoon. He requested the same thing from Region 10, asking how this would fit under Title XX and what effect this concept of single state agency would have. Funding could be jeopardized. The Committee needs input from Region 10.

Senator Ray said he would hold this bill over until 9 a.m. February 27. It is his understanding from the majority of the Committee members that they will vote on this bill at that time. Information should be obtained in the interim. He asked if the amendment discussed at the 9 a.m. meeting, same date, was prepared. It was answered that Anne Carpeneti of Legislative Affairs is preparing it, and it will be ready tomorrow morning, February 27.

The meeting was adjourned at 11:50 a.m.

ADJOURN

SENATE FINANCE COMMITTEE
Thursday, February 27, 1975
9:00 a.m.

The following members of the Finance Committee were present:

PRESENT

Senator Butrovich
Senator Rader
Senator Hohman

Senator Chance
Senator Poland
Senator Ray

The following people were also in attendance:

Susan Clark, League of Women Voters
Margaret Levitt, Department of Community & Regional
Affairs
Rosalie Walker, Department of Education, Early Childhood
Jennifer Peterson, Model Cities Agency
Marsha Hubbard, Administrative Assistant to Senator Chance

Chairman Ray called the meeting to order and brought up for further discussion and consideration SENATE BILL NO. 120 (An Act relating to day care facilities and providing for an effective date). Staff member Milt Barker passed out copies of a memorandum dated February 26, 1975 from himself to Senator John Rader. The memorandum concerned his inquiry of HEW Region 10 and Health and Social Services as to whether the Federal requirements for a single state agency for social services applies only to the expenditure of Federal funds or if solely State funded programs would be included as well. A copy of this memorandum is attached to the minutes for the record.

SB 120

Senator Rader, referring to the fourth paragraph in the memorandum said he understood it to mean that there may be Federal funds available in the program. There would not be any jeopardy of funds if the program is handled by C&RA. Mr. Barker answered that there wasn't any funds for the program in CSSB-120. The \$2.5 billion in Title XX is allocated to alcoholism and other services as well as day care programs already in existence. There isn't any additional money available. Presently, there is \$500,000 in the existing day care program. This allocation is through H&SS. It is their program; their \$500,000. It pays AFDC recipients day care, those that are not in WIN program or have been in WIN for not more than 90 days. Payment is through Title IV and XVI to a person who has been in WIN more than 90 days. There is no more money in Titles IV and XVI.

Senator Butrovich asked if this meant that there would be no more funds forthcoming. The response was that it would require a change in the Federal law. The funding now set at \$2.5 billion

only increases with the population increase. The budget for FY 1976 is \$70,000 under regular day care. That would be for women who have been receiving aid who gets a job or goes to school.

Senator Hohman mentioned that the new regulations for Title XX were not out. In talking to people in Region 10 and HEW and looking at the law, it is entirely permissible to have another State agency head up the program and not jeopardize Federal funds. If the program is in C&RA they would maintain funds. In some cases, there would be duplication in expansion of present structure. They could continue to license, but would need more dollars. There is no problem with a single state agency without Federal people; no problem with the loss of Federal funds.

Chairman Ray asked for the copy of the proposed amendment that was to have been prepared by Anne Carpeneti of Legislative Affairs. Copies of the proposed amendment were passed to the Committee members. After a long discussion, the Chairman assigned staff members to prepare a final draft incorporating the Committee's suggested revisions.

Chairman Ray asked if the Committee members were in agreement to the basic concept of the amendment and if anyone would entertain a motion. Senator Butrovich moved that the Committee adopt the amendment.

Senator Rader objected for the time being. His reason being that Senator Hohman had just left the meeting to invite Deputy Commissioner McGinnis of H&SS to appear before the Committee in order to establish that there wouldn't be two agencies categorically for the same people. Senator Ray remarked that day care couldn't be provided twice for the same person. Senator Rader explained that there might be overlapping programs. They do not want to create two agencies doing the same thing.

At this point Senator Butrovich withdrew his motion.

It was mentioned that day care is one of the services eligible for Federal participation. However, \$550,000 for day care is all we can expect until the Federal Government removes their ceiling. It was further mentioned that Title XX does allow states almost unlimited flexibility on how to spend Title XX funds. Presently, the funds go to pay social service salaries and the alcoholism program as well. The funds can be reallocated, its up to the legislature. All \$200 million could be spent on day care.

Senator Ray asked Anne Carpeneti to present the amendment at the 11 a.m. meeting, same date.

A recess was called at 10:50 a.m.

AFTER RECESS

11:05 a.m.

In addition to those present at the 9:00 a.m. meeting the following people were present:

Deputy Commissioner McGinnis, Department of Health and Social Services
David Freer, Department of Health and Social Services
Michael Orelove, Budget and Management
Pat Denny, Catholic Community Service
Sister Joseph Mary, St. Ann's Day Care
Barbara Woldstad, LWR of Alaska
Anne Carpeneti, Legislative Affairs
Pat Monroe, Department of Health and Social Services
Day Care Consultant

Chairman Ray called the meeting to order and asked Deputy Commissioner McGinnis to come before the Committee to comment on the Department's position paper for SB-120 and answer question. (A copy of the position paper is attached to the minutes for the record.)

SB 120

Deputy Commissioner McGinnis stated he was addressing the Committee in regard to both SB-120 and its companion. The Commissioner as well as staff members of the Department of Health and Social Services have discussed SB-120 and they would have no objection to it in terms of implementation as long as they can keep it a fiscal reality. The position paper does indicate that the bill would provide funding for adequate day care for approximately 1,100 children of low-income parents. He read excerpts from the second paragraph of the position paper. He warned the term adequate is used carefully, this does not provide plush care. The bill does give authority to C&RA and spells out their powers. He pointed out that H&SS is obligated to watch all day care centers throughout the State. They hope that C&RA does not at some point down the line come to H&SS asking them to take on an expanded program. H&SS does not have staff in the field to do a study on homes, etc. They cannot do more than they are doing now. It would take additional input if C&RA came to them to do some of the functions.

In regard to the licensing function, there is no problem. They would continue to license. There would be another pool of eligibles and a jump in the number of homes served and licenses to fill. Have provided fiscal note to indicate what it would take to serve the purposes of this bill by continuing to license present centers plus the additions under this bill. (See Bill

File)

Under Title XX, Social Security Act, concerning whether or not there would be any problems under single state agency; he said it is difficult to get a formal legal statement. If more money becomes available, there would be disadvantage by structuring licensing and other functions. He had talked to Region 10 concerning the ceiling. The feeling there is that there would be no additional money. They also looked into the \$4 million. Unless there is additional money, Federal money, change in State agency is an academic question. If there is an increase in ceiling (which would also mean an increase of population) there would be supervision as to exactly where the money in the State goes unless another Federal Act comes to secure money outside the Social Security Act.

He indicated further that they were concerned with law regarding conditions and standards, quality of standards. Title VI of the Civil Rights Act is now extending itself to quality of services. They need to be sure that not only license standards are identical in related programs in H&SS and C&RA but also that quality is not of a different order. They could be open to suit. There should not be a double standard in quality of services. Senator Ray reflected that he would anticipate, if anything, the quality of services provided by H&SS would be superior to services provided under this.

In Answer to Senator Rader's question on eligibility, Commissioner McGinnis stated the fiscal note is only on the licensing functions. This is not the whole range of eligibility determination.

Pat Monroe was asked to make a presentation. She covered the remaining material in the position paper. After Ms. Monroe's presentation, Commissioner McGinnis pointed out two problems:

1. There are a number of people running the centers illegally; unlicensed. There should be some surveillance there.
2. There is a rapid turnover of those providing day care homes. There are a large number of licenses issued.

It was stated that the intent of the Committee, if we do approve the bill, is to direct both Departments, H&SS and C&RA, to cooperate to a high degree to make a workable program with no expensive overlapping. If they will make the program work, funds will be provided; if not, the program will be killed next year.

Chairman Ray asked for copies of the amendment. It was passed out to members of the Committee.

Senator Chance moved and asked unanimous consent that the Committee adopt the following amendment to CSSB-120:

Motion

Amend page 2 between lines 8 and 9:

Insert the following section:

Sec. 44.47.185. LOCAL PARTICIPATION. When a contract is made under sec. 180(b)(2) of this chapter between the department and a local agency within an incorporated borough or city of the state, the incorporated borough or city shall pay the costs of administering the contractual duties within its jurisdiction.

There was no objection, it was so ordered. Senator Ray asked the Committee to consider and perhaps offer thoughts on a letter of intent to be attached when the bill leaves Committee.

Senator Poland moved and asked unanimous consent that the Committee Motion adopt the Committee Substitute for SB 120 as amended. There was no objection, it was so ordered.

Senator Poland then moved and asked that SB 120 be replaced with Committee Substitute for SB 120 and that SB 120 be moved out with a DO PASS recommendation. The motion passed.

Motion

The meeting adjourned at 11:45 a.m.

ADJOURN

SENATE FINANCE COMMITTEE
February 28, 1975
9:05 a.m.

Senators Ray, Poland, Rader, and Butrovich were present.

PRESENT

Mr. Wayne Weeks, Division of Budget and Management, was also in attendance.

Chairman Ray called the meeting to order, and brought SENATE BILL NO. 121 (An Act making a special appropriation to the Department of Community and Regional Affairs for funding the day care assistance program) up for consideration.

SB 121

Senator Rader moved and asked unanimous consent that SB 121 be put out of Committee with a Do Pass Recommendation. There was no objection, it was so ordered.

Chairman Ray then told the Committee that SENATE CONCURRENT RESOLUTION NO. 13 (Relating to the interest rates on veteran housing loans) had been referred to Finance. The resolution would increase the rates from 7 to 8%. He asked Mr. Hogan to compute what the money would be if they put it up to 8%.

SCR 13

General discussion of the veterans loan program followed. There was some concern that the amount of money that could be loaned was open ended.

Sen. Ray assigned the bill to Senator Rader.

There was also general discussion regarding the Dept. of Revenue information packet which had been distributed to members.

Meeting adjourned at 9:30 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

March 5, 1975

11:05 A.M.

All members with the exception of Senators Rader and Poland.

Present

Senator Ray called the meeting to order and brought SENATE BILL NO. 40 (An Act increasing state aid to municipalities for fire protection) before the committee.

SB 40

Sen. Ray moved and asked unanimous consent to amend the figure \$15 on page 1, line 10, to \$7.50. Sen. Sackett noted the figure \$5 on line 19 would also have to be amended to \$7.50. There was no objection to the amendment.

Sen. Chance moved and asked unanimous consent that SB 40 as amended be reported out of the Finance Committee with a "do pass" recommendation. No objection, so ordered.

Sen. Poland joined the meeting at 11:10 A.M. and signed the committee report for SB 40.

The bill meeting recessed at 11:10 A.M. and the committee referred to the Social Services budget.

Recess

JOINT HOUSE AND SENATE FINANCE COMMITTEES
Friday, March 7, 1975
9:10 a. m.

CAPITAL SITE SELECTION COMMITTEE HEARING

The following members of the House and Senate Finance Committees were present:

PRESENT

Senator Ray	Representative Duncan
Senator Chance	Representative Naughton
Representative Malone	Representative Haugen
Representative Guy	

The following people were also in attendance:

Willie Hensley, Chairman, Capital Site Selection Committee
Leonard D. Lane, Executive Director, Capital Site Selection Committee
Edwin B. Crittendety, Consultant, CCC/HOK
Anne Kriken, CCC/HOK

The Chairman of the Capital Site Selection Committee, Mr. Willie Hensley, made his statement before the joint Finance Committees. He first addressed the initiative itself. The Capital Site Selection Committee is unique in being bodily created by the electorate. This created problems on how to approach responsibilities. There were no initial funds provided by the initiative. Therefore, a meeting was called by the Lt. Governor's Office to get together and as a result of that meeting, funds were obtained out of the Governor's Contingency Fund. To date, the Site Committee has held four meetings. These meetings were mostly to feel their way into the initiative to determine their latitude to function. There are nine members of the Committee. The Commissioner of Natural Resources was just appointed as the ninth member. The selection of the Chairman was by the Committee members.

CAPITAL
SITE SEL-
ECTION
COMMITTEE

The initiative states that they are to select no more than three sites. There is also a provision that none of the sites be within 30 miles of Anchorage or Fairbanks. It requires that the land selected not be less than 100 square miles to be owned by the State or obtained by the State at no cost. They are to have hearings within 18 months of December 11, 1974 on three potential sites to invite questions from the public and to present facts. The voters are to vote November, 1976 on the site selections. There is no provision in the initiative once the information gathering and presentations to the public are made, which allows

continuation for planning of necessary State public facilities. It is presumed this will follow the vote in 1976.

The Committee has established an office at 840 K Street in Anchorage. They have elected an Executive Director. After receiving 18 proposals for consulting work, mainly joint ventures, they have selected AIDCT.

Their budget is broken into two areas. Prior to the end of this fiscal year to meet limitations they will have to make commitments to have work done as soon as possible. Three sites must be selected by December of this year. The Committee in their initial meetings looked at the initiative with a narrow prospective. It appears the Committee should be doing more than required in the narrow reading of the initiative. They feel in fact that they will be constructing the new Capital. There is no more public participation than the right to plan the new city. The Committee needs to know exactly what the people of the State have in mind in terms of the new Capital. The Committee must have this in mind during the site selection process. It means more than just looking at soils functions, the water, climate, wildlife, etc. There is going to be socioeconomic impact in the areas, obviously, if the site is near a community. Consequently, the budget reflects a comprehensive look on factors that effect all of the facets of a large community.

Hearings on the three sites will be held. Unless we have the funding to do added studies, all we could talk about at the hearings would be natural appearance. They need a cost analysis of ultimate construction at each of the three locations. We should have a good estimate of actual construction costs for the people at the hearings. We should have some study methods of financing this new capital construction that the State could look at for some options. The Committee feels socioeconomic impacts should be looked at.

At this point he turned the testimony over to Mr. Leonard D. Lane, the Committee's Executive Director. Mr. Lane explained a flow chart to the Committee which gave tasks and time limits for the accomplishment of each one. (See Attachment) Starting from the the back of the chart he explained that by December 11 of this year the selection was to be made. He stated they will need funding in FY 75 and FY 76 to do this job. They are not at the stage where CCC/HOK develops line items, detailed program for budget. They will shortly begin final evaluation of letting contracts for preliminary engineering and transportation facilities. The acceptability of transportation is critical to the selection process. There must be a public information program, hearings on what the Committee has done. They need not only hearings and work shops throughout

the state, but also the use of public media. They want programs to know capital city and capital definition. Once this is done, the first step would be to design and set up public hearings. The need to know public opinion. They need to develop site alternatives. To date 15 possible site locations have been submitted to them for consideration and by Monday, March 10, they expect more sites to be submitted for consideration that would bring the total of possible sites up to 24.

Site Criteria - there are two things to look at in natural criteria. One is the type of soil, water hydrology, etc. They will take data available from State Land Bank to look at where they are at in terms of natural data. The other thing is location in relation to transportation needs. They need to know what the Government expects; will this be a centralized State government? a regional government? They need to take a look at the aesthetic values. The land status will have to be considered - is the land State land and patented or in the process of being patented. They will look at the sites given them and will start eliminating some of the sites. This job must be done by the 15th of April.

At this point they will go back and determine new data requirements such as the State's 6-year capital construction plan. They will have to look at what building will need to be done throughout the site. This will be determined from new data requirements. They are only allowing one summer to go out and do field work. In the field work they will be looking at urban patterns, land status, and development and cost at this point. There will be another set of costs for education, health care, pollution (in other words, public services).

Code Data - this will be done by CCC/HOK. At this point they will be past June 30. There will be photographs as of June 30. We can begin to compile a use plan. This is where the 100,000 acres is considered. They will refine and test requirements at each site.

At this point there will only be four to six sites. There will be tertiary screening of natural resources. They will have aerial photographs. In August they will project the cost and between September 1 and September 15 they will come up with recommendations on the three sites. They will have until December 11 to prepare their final reports. The public hearings will have begun back in April. They will have input from these hearings together with input from each of the State agencies as to their concerns. In August the three or four sites selected will go back out to the public and from that final input they will come down to three sites.

Plans for land use will be 2-pronged: technical and major public input. The input will be combined by September 1. They were not provided funding for the level of research that is needed. Between July 1 and December 11 they will need a large amount of money.

In answer to a question made by Rep. Malone, Mr. Lane stated the initiative states lands now owned by the State or available at no cost. People have been contacting them about sites that could be made available to the State at no cost. Can they expand the number of sites. This is a legal question.

Sen. Ray asked when the map would be available. Mr. Lane replied that on Monday, March 10, they will receive the map. Duplicates will be made within a few days. A week from Monday the map should be available to the general public.

Rep. Naughton asked in the end result, when you are down to voting, what estimated cost can you give. The response was that they were budgeting some funds for some analysis of probable costs of sites. They will have to make some assumptions of course. There should be some data available.

Rep. Haugen asked Mr. Lane what their Committee was trying to do to minimize the consulting group and to go to data available. There are dozens of specialists with the Federal and State Governments and with the University of Alaska. The information needs refinement and these people probably know the field in Alaska, so you wouldn't have to cover the same ground again. It was answered that there are contracts with the University of Alaska.

Sen. Ray pointed out to the Committee that if they were on a normal time frame for completion of the project, say three to five years, the budget request would not be so excessive.

Sen. Ray expressed his concern with representation in the public hearings. The Committee will be going out to get public input as to what the people want in the form of a Capital. Since the largest population center is Anchorage, by numbers, they will have the largest input. Perhaps the Committee, rather than ask what type of capital the public wants should provide four or five choices the public could choose from.

Mr. Hensley answered that the Committee does not know that Anchorage wants a capital in their midst. The hearings will determine this and other questions. He further stated that we do not know what the future will hold on this issue. We are only doing our best to fill the initiative's requirements.

The actual construction and design work is in the future.

Sen. Ray asked Mr. Hensley if it was his belief that the City of Anchorage could be the capital site, excluding the 30 mile provision. Mr. Hensley replied that there wasn't any 100 square mile acreage in Anchorage. Sen. Ray expressed his desire that the Selection Committee present four or five different capitals to the public. It was his opinion that Southeast should not be dictated to by Anchorage.

Mr. Lane remarked that if the Committee provided four or five sites that it would be limiting. He feels that the Committee should go all over the State, regional, special interests, etc. by August to obtain a number of concepts. Then they should go back out to the public to gather the final reaction.

In response to Sen. Ray's concern on the financing of the construction of the new site, Mr. Hensley said that he understands there are limitations on what the legislature could do. They are pretty much limited to look at three sites outside of Fairbanks. It is up to the voters and the referendum for cost is a factor.

Sen. Ray asked if there was a site under consideration in the Mt. McKinley area. Mr. Lane responded yes, you could see the mountain if the clouds are not there.

Rep. Naughton asked if this budget request was reduced and and the process outlined was slowed down by a year, what would your consultants in construction estimate as the cost. Mr. Lane said he would address the legal part first. According to the initiative you cannot delay the process. If you reduce the budget below the level the Committee is asking, the job just would not do justice to the people in the future. In answer to the construction cost, a rough estimate would be an increase of about 12%.

Rep. Duncan stated that earlier in the presentation some of the basic requirements for the new Capital were mentioned, education, health care, etc. Our concern now is will the basic requirements for the people living in the capital be decided by the general public. Mr. Lane answered that the State law requires that certain services be provided. They are not talking of eliminating any of those services at the site.

Sen. Ray mentioned that there was an attempt to amend the initiative in the Senate. He did not know if the Committee was aware of it. It was thought that the thrust of the original initiative was ambiguous. It doesn't make the complete route. Mr. Hensley answered that he presumed the intent of the

amendments were more or less to clarify the original initiative. For instance, are we part of the executive branch of the government or part of the legislative branch. It does not specify who handles the paper work for the Committee. Sen. Ray asked, you do not find the amendment objectionable? Mr. Hensley replied that he did not.

Rep. Guy asked if there were any plans for use of the major airlines in Alaska. Rerouting of airline routes will have to be revamped. Mr. Lane answered there is a reduced cost of studies here; the Selection Committee is already being provided assistance by the airlines.

Sen. Ray announced, at this time, because of pressing other business, perhaps we can skip the budget presentation and make time available for the Capital Site Selection Committee to meet with the Finance Committees individually.

Mr. Hensley told the Finance Committees that a Supplement has not yet been submitted in bill form to the Governor's office. Sen. Ray suggested that perhaps the proper way to have this drafted would be through the Rules Committee.

The meeting was adjourned at 10 a.m.

ADJOURN

Note: A copy of the Capital Site Selection Committee's Summary Budget for Fiscal Years 1975 and 1976 is attached for information.

Note: Copies of the budget are in the Red Budget Books.

CAPITAL SITE SELECTION COMMITTEE

Summary Budget for Fiscal Years 1975 and 1976

Support Cost:	Year Ending June 30,		TOTAL
	1975	1976	
Staff:			
Executive Director	\$ 21,240	\$ 42,480	\$ 63,720
Administrative Assistant	11,800	35,400	47,200
Public Information Officer	7,833	29,500	37,333
Secretary	7,952	15,904	23,856
Clerk Typist	4,507	13,520	18,027
Total Staff Costs	53,332	136,804	190,136
Legal and accounting fees	15,750	17,000	32,750
Office rent, telephone, office supplies, etc.	19,876	32,752	52,628
Printing and advertising	8,000	10,000	18,000
Travel	4,261	10,312	14,573
Miscellaneous	6,000	12,000	18,000
Capital outlay for office equipment and furniture	11,326	—	11,326
TOTAL SUPPORT COSTS	\$118,545	\$218,868	\$337,413
Substantive Costs:			
Committee meetings costs	\$ 52,058	\$ 45,474	\$ 97,532
Public hearings costs	24,089	28,089	52,178
Site inspection costs	10,760	10,760	21,520
Public information brochures, rendering, sketches & reports	15,000	50,000	65,000
Miscellaneous	6,000	12,000	18,000
TOTAL SUBSTANTIVE COSTS	\$107,907	\$146,323	\$254,230
Consultant contracts:			
CCC/HOK prime consultant	\$290,835	\$340,084	\$630,919
Civil engineering geotechnical field work	141,492	141,492	282,984

Consultant Contracts: (continued)	Years Ending June 30		TOTAL
	1975	1976	
Transportation and accessibility study	\$ 52,390	\$ 32,741	\$ 85,131
Public opinion survey & research study	23,693	14,707	38,400
Aerial photography contract		20,000	20,000
U.S. Geological Survey contract	1,000	1,000	2,000
University of Alaska contracts:			
Arctic Information & Data Center			
Technical Support and Assistance		20,985	20,985
Geophysical Institute ERTS Data	10,000	10,000	20,000
TOTAL CONSULTANTS CONTRACTS	\$519,410	\$581,009	\$1,100,419
TOTAL COSTS:	\$745,862	\$946,200	\$1,692,062
Appropriation requested:			
Total costs above:	\$745,862	\$946,200	\$1,692,062
Less funds already appropriated	<u>250,000</u>	<u>-----</u>	<u>-----</u>
Additional appropriation required	\$495,862	\$946,200	\$1,442,062
Rounded to:	\$496,000	\$946,000	\$1,442,100

SENATE FINANCE COMMITTEE

March 7, 1975

10:05 a.m.

Senators Chance, Ray, Hohman, Sackett, and Poland were present.

PRESENT

Senator Ray called the meeting to order and said there were some questions which needed to be resolved regarding SENATE BILL NO. 120 (Relating to day care facilities) and SENATE BILL NO. 121 (Special appropriation to the Dept. of Community & Regional Affairs for funding the day care assistance program). It seems that the Department of Community and Regional Affairs questioned the Intent of these bills. Their problem was whether or not the administrative costs were to come from the \$1.2 million. Senator Ray figured administrative costs would come to about \$60,000.

SB 120
SB 121

Senator Chance moved and asked unanimous consent that administrative costs for FY 76 for SB 120 & 121 be funded separately from the \$1.2 million. There was no objection, it was so ordered.

Senator Ray said a letter of intent would be drafted saying the Department must come up with the money for the rest of FY 75 out of their existing budget. However, the Legislature will come up with money from a separate source for FY 76 for administrative costs.

Senator Ray scheduled a meeting with the Superintendents of Schools for Monday at 9:00. This was to be a joint session with the Senate HESS Committee.

Meeting with
Superintendents
of Schools

Senator Ray also scheduled the General Government category of the budget to come before the Committee on Tuesday or Wednesday of next week.

Senator Ray then assigned the following bills to be researched:

Bill
Assignments

SB 7 Special appropriation to Dept. of Natural Resources, cold weather botanist positions. SEN. SACKETT

SB 7

SB 73 Powers of Dept. of Education with respect to contractual agreements for the sharing of boarding costs of secondary students. SENATOR BUTROVICH

SB 73

SB 74 Supplemental appropriation to the Dept. of Education for the sharing of boarding costs of secondary school students. SENATOR BUTROVICH

SB 74

SB 124 Relating to compensation and expenses for members of state boards, commissions, etc. SENATOR RAY

SB 124

SB 164 Supplemental appropriation to Dept. of Fish & Game. SENATOR CHANCE

SB 164

- | | | |
|--------|---|--------|
| SB 173 | Relating to the Alaska Industrial Incentive taxes and tax credits. | SB 173 |
| | SEN. CHANCE | |
| SB 198 | Relating to a refund to retailers of a portion of the purchase price paid by them for intoxicating liquors which represents excise tax paid to the state by the wholesaler. | SB 198 |
| | SEN. RAY | |
| SB 224 | Special appropriation to Ronald S. Davena for loss of private vehicle while engaged in Dept. of Highways business. | SB 224 |
| | SEN. RAY | |
| HB 76 | Supplemental appropriation to Dept. of Administration for international airports. | HB 76 |
| | SEN. HOHMAN | |
| HB 82 | Special appropriation to Dept. of Administration. | HB 82 |
| | SEN. POLAND | |
| SCR 17 | Peace Officer training programs related to treatment of rape victims. | SCR 17 |
| | SEN. SACKETT | |
| SCR 19 | Special investigative units for cases involving sexual offenses. | SCR 19 |
| | SEN. SACKETT | |

The meeting adjourned at 10:20 a.m.

ADJOURN

SENATE FINANCE COMMITTEE
Monday, March 10, 1975
8:50 a.m.

All members of the Finance Committee were present.

PRESENT

The following people were also in attendance:

DeWiley Holeman, Superintendent, King Cove,
Alaska
James Ede, Director of Education, Selawik
Peter Flesock, Galena
Gus Zadra, Eielson
D. W. Mills, Superintendant, Skagway
Dick Hurts, New School District
John Anttonen, Yakutat
Stan Bippus, Craig
Jim Jennings, Metlakatla
Steven Spengler, Ft. Wainwright/Railbelt
Dale Lunsford, Superintendent Bristol Bay
Hermon Hutchens, Superintendent, Valdez
Glen Chowning, Reg. Supt., Delta - Tok
John Kerr, Superintendent, St. Mary's, Ak.
Dave Lannigan, Assoc. Supt. - SOS
Bob Weiss, Juneau Principal
James E. Toger, Lower Yukon/ McGroth
Jim Langley, Supt. - Southwest/Iliamna
Bill G. Hond, Superintendent, Ft. Richardson
Bob Van Hout, NEA - Alaska
Joe Montgomery, Superintendent, Anchorage
Norman Rousey, Superintendent Mat. - S.W.
Karl Ward, Haines Borough
Charles R. White, Dillingham Schools
Dick Emerman, Budget & Management
Joe M. Kahklen, Kake City Schools
Bill Overnhert, AASB
John Hayword, Superintendent, Kenai
R. W. Stekl, Superintendent, Ketchikan
Nat Cob, Department of Education
Fred Kent, Superintendent, Unalaska
John Coffee, Superintendent, Juneau
De Morrow Lynch, Klawock, Alaska
M. Lind, Department of Education
Hermon Hutchens, Superintendent, Valdez
Chuck Smith, Superintendent, Fairbanks
Harvey King, Superintendent, Hydaburg

Chairman Ray opened the meeting informing the Committee that the delegation of people from Education was split, half of them were meeting with the HESS Committee.

Joe Montgomery, Superintendent, Anchorage was introduced to make his statement before the Committee. He had three areas of concern to which he would like to address the Committee.

His first concern was HB-67 which pertains to allowing the school districts instruction units on the ninth week of the school year. They were in support of the bill as there would be many administration difficulties without it. They feel it is good for adequate planning for staffing in case there was a drop-off during the year.

HB 67

The second and third concerns were HB-131 and SB-135.

HB 131
SB 135

HB-131 relates to public foundations support. There is one section pertaining to special education which changed the existing allocation ratio of pupils from nine to eleven. They would like the return of the level to nine. Other portions of concern in HB-131 is the area differential concept. The basic need increasing percentage is accountable. They are concerned with the rising cost, but \$23,500 is adequate with the increased cost. That portion they agree with. The last portion, the appeal of AS 14.17.215 - this applies to larger school districts such as Anchorage and Fairbanks. They recommend that this not be appealed but be maintained.

The Superintendents Administrators Association is opposed to SB-135. They request that it not be supported. The basis for the recommendation in opposition is the fact that it seems that it removes completely the local support from the elected school board. They appreciate that the intent is for solving labor problems. This would allow an arbitrator to come in to settle an action who is not responsible for the local delegation. The application could be hard on the district, it could be a financial handicap on the district.

Senator Ray, referring to SB-135 asked if it was correct that the bill says binding arbitration. Mr. Montgomery answered as he reads the bill, if an impasse occurs between the teachers and the school board and it is submitted to an arbitrator the decision of the arbitrator is binding. Sen. Ray said what about the thought that an agreement reached through arbitration would have to be agreed to by the legislature but binding arbitration doesn't mean that the legislature would have to agree to appropriate the money.

Mr. Montgomery replied that the arbitration would be between the arbitrator and the local people and it is binding. It would create a problem with supplemental funding. There are going to be occasions of strife between the school board and teachers--however, is is a local problem. Sen. Ray suggested from the State's position collective bargaining might be a consideration. Mr. Montgomery said this would change the whole statue of their education system. Sen. Ray asked Sen. Rader if he knew of any legal problems of binding arbitration as opposed to collective bargaining. Sen. Rader said he did not know.

John Hayword, Superintendent, Kenai stated that the question of constitutionality came up with their district which has been in court with the teachers association over this aspect of the statute. The Board chose to reserve some aspects of bargaining as the rights of management. The teachers maintain that bargaining must be on everything.

What is critical is Section 10, which says the Board shall not abrogate judgment.

Mr. Hayword went on to say he felt that SB 135 could be considered unconstitutional in that it would strip from the Board the power to operate schools as mandated by the Constitution. He said they were very fearful of this Bill because it could happen that in the end the decision would be made by an arbitrator from New York City or somewhere. This decision made by a non-resident could have tremendous consequences to the local school.

Mr. Hayword said that in the course of negotiating with the teachers, they have come to see some justification for binding arbitration, but they felt it should be limited to rights arbitration as opposed to interest arbitration. SB 135 puts binding arbitration on the negotiators. He stressed they were not objecting to anyone negotiating economic aspects of employment.

Mr. Hayword could see something happening as follows: The salary schedule is negotiated higher than the current one; the class size is negotiated at a smaller ratio; and a reduction in force is negotiated. Then they take this considerably inflated budget to the Borough Assembly and the Borough Assembly says they will not give that much money. This causes a problem because the superintendents have entered into a contract as the law requires and a final amount has been determined by the arbitrator. Yet, the Borough might say they could only allow \$2 million instead of \$9 million. This causes them to go to the State for money, and they are in a dilemma if the money is not forthcoming from the State.

Mr. Hayword asked what they were do to in such a situation. He said that normally some alternatives were left to them, such as reducing their program or increasing class size and reducing staff. With those items negotiated too, they will be in a predicament.

Mr. Hayword concluded saying this Bill would not help them to remain fiscally sound.

Senator Ray asked Mr. Robert Van Haut, lobbyist for the National Education Association, for his comments.

Mr. VanHaut pointed out that no provision was included in the Bill for allowing taxes to be imposed or giving authority for taxes to be increased, and there was nothing saying the State Legislature was required to supply funds.

Mr. Van Haut thought they might be interested in knowing the conditions which led to the teachers asking for binding arbitration. He said that in Kenai there were 18 situations which were indicated as unnegotiable items. These included salaries, wages, class size, school operations, and fringe benefits, and anything that had to do with conditions of employment. The court upheld that these conditions were negotiable, but Kenai has appealed the decision. Until it goes to court again, all decisions will be made on a unilateral level.

Mr. Van Haut said he was sure that if the teachers demanded \$9 million and the Board says there was only \$2 million, a good arbitrator could work out an agreement. He said they were asking that an Agency of the Federal Government, the Mediation and Conciliation Service, be the arbitrator. They have an office and staff in Anchorage and it is their role to resolve disputes. Mr. Van Haut said that if they wished to make definitions as to what is arbitratable, his group is willing.

He added that it was not their intent to fight all of these things in the courts. They feel people of good intent can agree to an arbitration result. He said all powers are limited, and that limitations can be improved.

Senator Rader asked how they got away from the problem of who imposes taxation and the level of taxation that a community is willing to support. Mr. Van Haut said that if an agreement was made to ask the Borough for \$3 million, and the Borough says they can only afford \$1 million, then a readjustment would have to be made.

Senator Rader asked how they could say an arbitrator would decide the terms and conditions of a contract. Mr. Van Haut said a contract meant within the resources available. He said they weren't asking for an imposition of something that couldn't be met.

Senator Rader raised the following hypothetical question. If a \$10 million budget was requested, 80% of which was negotiable, and the arbitrator settled on \$10 million, and the Borough Assembly cut the budget back to \$8 million, did that mean they would have to honor the 80% negotiated and the other 20% would not be met? He asked if they could take it to court so that the teachers salaries had to be paid at the amount contracted, which would mean they couldn't repair the building. There was some discussion as to whether the courts would hold that reasonable.

Mr. Van Haut said the teachers were not going to ask them to bankrupt the operation.

Senator Rader felt that the real issue ended up being that the final decision was being made by someone other than an elected public official, and he really didn't feel that was right.

The meeting recessed at 9:55 a.m.

RECESS

AFTER RECESS

11:25 a.m.

Chairman Ray called the meeting back to order. He said they had explored arbitration and collective bargaining and wondered whether they could go on to other areas. Senator Ray asked about community and regional schools.

Mr. Overstreet replied there were two bills dealing with that concept, HB 179 and HB 82. In essence, they would provide for utilization of schools in the evenings by people of all ages. The measure would supplement Grades K-8 children. The plan is to phase in support, and within 4 years the level of funding should rise to 2% of funding. The idea is to serve the needs of the people, regardless of age. He hoped the Senate would view the bill in the same favorable light as the House has. HB 179 & HB 82

Mr. Montgomery said that as a group they hadn't discussed it, although last year the Association had been in favor of broad utilization of schools, and many of the districts had already implemented it to varying degrees.

Senator Ray asked Commissioner Lind if the Department of Education had a position on any of these matters. Mr. Lind replied that the State Board was definitely against SB 135. He said this group hadn't yet had an opportunity to go through all of the legislation, and that they intended to get into that sort of a discussion soon. SB 135

Mr. Bob Green felt there was a major problem in rural areas that the Committee might be interested in hearing about. He said a number of the communities will be funding independent school districts in the near future as decentralization of SOS is completed. The problem centers around public utilities--provision for electrical power and other utilities required in the villages. He knew he was not telling them anything new when he said that historically the State has utilized the school district budgets as a vehicle to subsidize utilities in the rural areas. However, when the new organization of these school districts comes about and a new funding formula is generated, a number of these small school districts will have an undue financial burden because of this traditional means of subsidy. Subsidy of Public Utilities through School District Budgets

Mr. Green was talking about areas such as Selawick and Galena where utility bills ran at about 40% of the entire school budget. He felt there should be some indication as to philosophy regarding subsidy of public utilities, and hoped that something would happen to eliminate the school districts as the vehicle for this subsidy.

Mr. Hond from Ft. Richardson felt that the Community School Concept was a real buy for the State because by combining resources with the communities, they will be able to do the kind of job it would take several agencies to do.

Community
& Regional
Schools

Senator Chance asked whether \$23,500 was adequate funding for districts in Foundation allowance. Mr. Montgomery replied that it was certainly more acceptable, but that there was a great deal of concern. He said their School Board faced 93% of the entire budget in labor. He said they have observed the trend over the last year and the negotiations as they occurred at the different levels. They had sat at the negotiation table in Anchorage with eight groups representing a lot of people.

Foundation
Support

In answer to a question from Senator Chance, Mr. Montgomery said the budget for Anchorage will be submitted to the Borough at about \$90 million including \$12 million debt service. He said it would be hard to compute with accuracy the budget for next year's operation until they are further along with the negotiations. He had no indication as to what the new Borough Assembly's reaction will be to increasing the mill levy.

Mr. Flesock from Galena felt that the decentralization of SOS was going to create problems at the community level other than educational. He said a stable education system would have to be hand in hand with the community level. He felt that the Department of Community and Regional Affairs should become involved in organization of the communities.

Subsidy of
Public
Utilities

Mr. Antonnen from Yakutat expressed support of the Community Schools Concept, but he felt that the existing ratios that determine instruction units should be maintained. He said the new ratios work a burden on the large school districts.

Community
Schools

Mr. Smith from Fairbanks was concerned that with the teachers' package and the CPO package coming in, that they were going to have some difficulties. He said that with the budget as it was now, without the teachers' package, the per student cost is a little over \$2,300.

Senator Rader asked what legal format that the Anchorage Community College wage dispute fell under. Mr. Van Haut said it was PERA.

Mr. Ede from Selawick referred to the problem of school districts being in a position of subsidizing public utilities. He said in their case 20% of their budget would go to subsidize these public utilities. This would mean they would be unable to financially operate. However, he saw several alter-

Subsidy of
Public
Utilities

natives. He thought maybe they could build a subsidy factor into the Foundation formula. Another position might be to turn the subsidy program over to the Department of Community and Regional Affairs and allow them to conduct the subsidy.

Mr. Kerr from St. Mary's thought the history of AVEC might be of interest. When AVEC was originally formed, it was not a financially feasible operation. All of the villages concerned were with the BIA schools, or SOS schools or Mission schools, and in order to make the operation financially viable, apparently the Legislature and BIA agreed to subsidize the operation of small village plants through the school budgets. In the case of Selawick and St. Mary's when they become a community or a small school district, they haven't the ability to spread the cost of power. At the time AVEC was formed, no one dreamt these small school districts would ever be formed.

The meeting recessed at 11:50 a.m.

RECESS

SENATE FINANCE COMMITTEE
Monday, March 10, 1975
1:40 p.m.

The following Senators were present at the meeting:

PRESENT

Senator Butrovich
Senator Hohman
Senator Ray

Senator Rader
Senator Sackett

The following people were also in attendance:

Charles White, Superintendent, Dillingham School District
Representative Nels Anderson

Senator Ray called the meeting to order and brought up for consideration the following two Senate Concurrent Resolutions:

SCR-6
SCR-7

SENATE CONCURRENT RESOLUTION NO. 6 (Relating to assistance of the Legislature at the ninth annual Boys' State)

SENATE CONCURRENT RESOLUTION NO. 7 (Relating to assistance of the Legislature at the seventh annual Girls' State)

Sen. Ray asked if any of the Committee members knew what the impact of this number of youths would be on the City of Fairbanks and vicinity. He also would like to know if the youths would be staying at the University Campus without paying for their accommodations. Sen. Sackett replied that they do pay a fee (those on State business); they pay a couple of dollars a day. He went on to say that any time a large number of people on State business come to Fairbanks, they usually stay on the University campus on one or two floors of the dormitories set up for that purpose.

In answer to the question concerning the impact on Fairbanks, and whether or not the State could handle the cost of transportation to have the youths meet somewhere else, Sen. Butrovich answered that he did not see that there was any problem.

Senator Sackett moved and asked unanimous consent that Senate Concurrent Resolution No. 6 be passed out of Committee with a DO PASS recommendation. There was no objection, it was so ordered. Motion

Senator Sackett then moved and asked unanimous consent that Senate Concurrent Resolution No. 7 be passed out of Committee with a DO PASS recommendation. There was no objection, it was so ordered. Motion

Senator Ray brought up for consideration SENATE BILL NO. 198 (An Act relating to a refund to retailers of a portion of the purchase price paid by them for intoxicating liquors which represents excise tax paid to the state by wholesaler; and providing for an effective date). He stated that they have no apparent cost factor. There was a possible \$450,000 loss in the Nome flood and if there is no insurance rebated to the people, the potential refund of alcoholic beverage excisetax would be \$42,400. If there is no insurance, the State should pay for the loss. He further stated that under Federal Regulations, if there is flood damage, the sanitation people come in and destroy what is left of the products. SB-198

Sen. Sackett moved and asked unanimous consent that SENATE BILL NO. 198 be passed out of Committee with a DO PASS RECOMMENDATION. There was no objection, it was so ordered.

Motion

Sen. Butrovich noted that there was a suggested correction to the bill in a letter from Gary L. Jenkins, Director, Audit Division, Department of Revenue, dated March 6, 1975 (See Bill File) that the last three words of Section 1 of the Bill read, "by the tax" should read "for the tax."

Sen. Sackett moved and asked unanimous consent that his previous motion to pass SB-198 out of Committee with a DO PASS RECOMMENDATION be recinded. There was no objection, it was so ordered.

Motion

Sen. Sackett moved and asked unanimous consent that the Committee adopt the following amendment to SB-198:

Motion

AMENDMENT: Page 1, Line 17

Change "by the tax." to "for the tax."

There was no objection, it was so ordered.

Sen. Sackett then moved and asked unanimous consent that SENATE BILL NO. 198 be passed out of Committee as amended with a DO PASS RECOMMENDATION. There was no objection, it was so ordered.

Motion

Sen. Ray brought up for consideration of the Committee SENATE BILL NO. 224 (An Act making a special appropriation to Ronald S. Davena for loss of private vehicle while engaged in Dept. of Highways business; and providing for an effective date). He read a letter from Ronald S. Davena, Construction & Maintenance Engineer, Western District to Edgar A. Spruce, Jr., District Engineer, dated November 19, 1974, explaining in detail the automobile accident. (See Bill File)

SB-224

After a discussion to determine to the Committee's satisfaction that the automobile accident did occur during the performance of state business, Sen. Sackett moved and asked unanimous consent that SB-224 be passed out of Committee with a DO PASS RECOMMENDATION. There was no objection, it was so ordered.

Motion

Superintendent Charles White of Dillingham was invited to testify to the Committee on the capital project in his school district. He stated that the situation in Dillingham was critical. Each member of the Committee was given a pamphlet with a breakdown of their needs.

CAPITAL
PROJECT
DILLINGHAM
SCH. DIST.

Mr. White went on to say that two years ago the present school building was adequate. However, during the last year there has been an influx of Indian education funds with the Johnson O'Malley act. Bonding efforts in Dillingham

have been unsuccessful because of other priorities. He referred the Committee to pages 8 and 9 of the pamphlet that was passed out informing them that these pages explained the crux of their situation. He explained that last year alone the school had an increase of 12% in pupil population. There were 50 new students. Under the present conditions they will have to drop some of their programs such as the bilingual program. Requests made for boarding home students to the school has increased by 30. The school has no library, and the science lab. is inadequate. Also, the gym floor was breaking up. They need a new building and do not know of any other alternatives to handle the situation. They expect a continuing increase in student population at a rate of 10%-12% a year at a minimum. This year they are going to have to reject the applications for boarding room students. They have considered splitting the school session into shifts but this would be unfair to all of the students. There are not enough teachers specialized in each field to cover all of the students in each of the shifts. This means some of the students would go without a math instructor, or say a music instructor.

Sen. Rader referred the Committee to a computation put out by Community and Regional Affairs on the ability of each community to help itself on a per capita valuation. After reading figures of tax income of several communities in Alaska who support their own schools, he finds that Dillingham does a little better than the average. Also after reading figures of the average percentage of debt for each community supporting their own schools, he finds that Dillingham is much better off than most of the communities. Under the circumstances, he doesn't understand why Dillingham should receive State support not given to the other communities.

Sen. Ray asked Mr. White if Dillingham was trying to put their high school into a regional concept of some sort, and is that why they are coming to the State for assistance. Mr. White answered that when SOS decentralizes there will be some need. They have a small high school and cannot handle the volume. However, they will continue to be a service center for the rural communities, and they are short of future needs.

Mr. White mentioned that on page 3 of his pamphlet on the right side, the two story section was partially destroyed two years ago by a fire. The repairs that were made are deteriorating now.

Sen. Hohman noted that the size of the proposed project is \$2.4 million. He asked how much of this would be supported by the city. Mr. White personally believed the city could support very little. They presently receive \$30,000 from the city, and \$98,000 in State support. He thinks only a token contribution could be expected from the city.

Sen. Butrovich asked if the private school was still functioning in the area. Mr. White stated that the Seven Day Adventist had only eight students. There are two grade schools that have five or six students wanting to come into the high school and there is no room.

It was asked where the additional students from the villages would go. Mr. White replied that they might go to Mt. Edgecumbe, Anchorage, or anywhere. Sen. Ray asked if they might possibly go to Bethel. Mr. White replied probably not.

Sen. Butrovich asked Mr. White what the population of Dillingham was. He responded that there were about 1200 within the city. He went on further to say that their own population of students is 380 but the boarding home students was an increase of about 80. He mentioned that the Native Corporations are bringing in several families to the area. He also mentioned that it was his understanding that Anchorage had discontinued the boarding homes. Also, the natives want their children to attend schools as close to home as possible. A lot of political pressure would be applied to them if they do not accept the rural students.

It was noted that it cost less per student on the foreign education program than it does to educate them in the local communities.

Charles White closed his testimony by stating that it was his hope that they could possibly combine his request with the request from Southeast. He was referring to the bill in HESS for Hydaburg.

Sen. Ray brought up for consideration SENATE BILL NO. 124 (An Act relating to compensation and expenses for members of state boards, commissions, etc.; and providing for an effective date) and its Committee Substitute. He informed the Committee that the problem with this bill is the fact that the Committee Substitute increases the per diem allowance for State employees to \$55 prescribed by the Commissioner of Administration. The Commissioner had, effective February 16, 1975, increased the per diem allowance for members of boards and commissions to \$50 per day under the authority granted him by AS 39.20.180(2). It was his feeling that the bill should be sent to the Rules Committee to change the language so that the bill reflects the actual fact.

SB-124

Sen. Butrovich said that it seems to be a legal question and maybe it should go to Judiciary.

Sen. Rader asked if this covered all commissions. The answer was yes, for all commissions and boards.

Sen. Hohman asked to review the State per diem scale in regard to the per diem rate for legislators.

Sen. Ray called for an Executive Session at 3:20 p.m.

EXEC.
SESSION

AFTER EXECUTIVE SESSION

2:45 p.m.

Chairman Ray called the meeting back to order and said they would continue with consideration of Committee Substitute for SB 124.

CSSB 124

Senator Chance moved and asked unanimous consent that the Committee substitute be amended to read \$50 instead of \$55. There was no objection, it was so ordered.

Motion

Senator Sackett then moved and asked unanimous consent that the Committee Substitute as amended be passed out of Committee with a "Do Pass" recommendation. There was no objection, it was so ordered.

Motion

Senator Sackett asked that SENATE BILL NO. 76 (An Act making a supplemental appropriation to the University of Alaska) be brought up for discussion. There was no objection.

SB 76

Senator Sackett said he had additional information on all of the questions they had put to Mr. Hullinger. However, there are two problems tied to this Bill, and he thought the Committee should decide what to do. He understood there was going to be an attempt to expand the increase that community teachers got into the entire system of the University's professors. The other problem concerned non-union members who are required to file and pay dues within the union. He thought they should hold onto this Bill until they could determine the conditions involved in the matter.

Senator Butrovich thought they should get an opinion out of the Attorney General's Office to find out what the State's obligations are. Senator Ray asked Rich Guthrie to take care of getting an opinion from the Attorney General on Section 13.5 of the Contract, as well as an opinion about the non-union members.

Mr. Guthrie asked whether they wanted to hear from the University's legal counsel too. Senator Ray felt the University Counsel ought to sit down and discuss the problem with the Attorney General's Office.

Senator Ray scheduled the General Government Budget to come before the Committee on Wednesday at 9:00 a.m.

The meeting adjourned at 3:00 p.m.

ADJOURN

SENATE FINANCE COMMITTEE

March 11, 1975

9:05 a.m.

All members of the Committee except Senators Sackett and Rader. PRESENT

Members of the State Council on the Arts and members of the National Endowment of the Arts were present.

Chairman Ray called the meeting to order and stated that the House Finance Committee would be joining them in a few minutes to hear the presentation from the Alaska Council on the Arts.

In the meantime, he asked if there was any other business to come before the Committee.

Senator Hohman moved and asked unanimous consent that SENATE SB 78 BILL NO. 78 (An Act making a special appropriation for the payment of miscellaneous claims) be brought up for consideration. There was no objection, it was so ordered.

Senator Hohman said that the Division of Budget and Management had requested that the Amount for the Department of Public Works on line 22 be changed to \$12,975.57, which would change the total on line 24 to \$45,002.10. He moved and asked unanimous consent that the Bill be so amended. There was no objection, it was so ordered. Motion

Senator Hohman then moved and asked unanimous consent that SB 78 as amended be passed from Committee with a "Do Pass Recommendation". There was no objection, it was so ordered. Motion

At this time the following members of the House Finance Committee arrived: Rep. Malone, Rep. Gruening, Rep. Cowper, Rep. Itta, Rep. Duncan, and Rep. Guy.

Chairman Ray asked Connie Boochever, Chairman of the Alaska State Council on the Arts, to begin their presentation.

State
Council on
the Arts

Mrs. Boochever explained that they have just returned from a meeting in Anchorage with 86 arts agencies where they met for 11 hours hearing 10 minutes from each of the agencies. She said there would be a record prepared, and she planned for the Finance Committees to receive a copy.

Mrs. Boochever said that in 1966 they started the State Council on the Arts as a partnership with the Federal. The Federal has been very good on helping the State out, but there really hasn't been enough money to cover the State. This year, the State submitted a simple budget of \$838.2, which was cut by \$110,000 by the Governor's Budget Review Committee. That amount was Bicentennial Program monies.

They were asking for \$328,000 of State monies which would be matched by \$510,000 federal monies.

Mrs. Boochever introduced Mr. Roy Helms, Executive Director of the State Council on the Arts, and Mr. Mike Straight, Deputy Chairman of the National Endowment for the Arts.

Mr. Straight stated that he had come in the place of their Chairman, who was ill, to attend the Alaska State Hearing on the Arts in Anchorage. He had felt that meeting to be one of the most exciting he had ever attended. The meeting represented 86 communities from Kotzebue through Ketchikan. In spite of having very little in the way of funds, every community had tremendous participation in the way of citizens.

Mr. Straight said the purpose of the State Council is to aid the communities and the purpose of the National Endowment is to aid state councils. The National Endowment has a \$74 million budget this year. Mr. Straight felt there was a basic wisdom to the Act the National Endowment operated under because of four underlying factors: 1) Congress denied itself the right to interfere in their activities, and all of their legislation is permissive; 2) The National Endowment is forbidden to interfere in the operations of their grantees; 3) There is a 50% rule, which means they only support up to 50% of the project except in rare cases, and this allows them to reinforce what the communities are doing. That means that federal funds are available to the states to meet matching funds. National Endowment begins with a \$200,000 block grant. They come in with project support, but in most cases, it is a matching support; and 4) There is decentralization--every time they initiate a program, they try to pass it out to the States to take over and develop.

He explained there are four things they are trying to do in Alaska: 1) Support and develop Native indigenous arts and crafts; 2) Bring craftsmen, city planners, dancers, writers, dramatists, etc. into the schools. (In this State one out of every six children have been met; 3) Bring touring groups such as the Seattle Symphony Orchestra or the Utah Mime Company into the communities; and 4) Helping with design of the environment in the largest sense. In Washington, they have set up a National Design Conference to deal with questions on design. They have held conferences in Colorado and Arkansas where they talked about problems of design. In Alaska, they are thinking they could help to develop plans for the future Capitol.

Mr. Helms then spoke in reference to the State Council on the Arts. He said the Council has requested \$130,000 for Administration which covers the four staff positions in the office and the costs of running the Council. National Endowment has helped them with two additional staff members, touring arts programs, as well as administration.

He added they had applied to National Endowment for \$110,000 of matching funds for the \$110,000 bicentennial funds which they had requested from the State. The Governor's Budget Review Committee disallowed the \$110,000, but allowed them to accept the \$110,000 in federal funds. Mr. Helms didn't know how they could do that since match is required.

Senator Ray noted that in the Grant Section there was \$44,600 from private sources. Mr. Helms said those were the program revenues and income from the schools. He said that because of difficulty in raising private funds from the Corporations which are taxed by the State, the Council was working on development of a State Foundation on the Arts which would solicit private funds and administer programs which they would put together. Mr. Helms hoped this to be operational by the first of next year.

Senator Ray said that not having spoken with the people from the Budget Review Committee yet, he would assume that their \$110,000 cut in the required match for federal funds was prompted by the decrease of \$83,000. Mr. Helms felt they had been aware those funds were tied to other programs.

Judy Crondahl, Division of Budget and Management, said that the \$110,000 taken from the Arts Council budget was taken out by Gov. Egan's Budget Review Committee and was left out by Gov. Hammond's BRC. The intent was that they would like to see more local effort in matching this since the federal funds could be matched by State or local money.

Senator Ray asked about the \$83,000 that the Arts Council was no longer receiving. Mr. Helms said that money would be used as matching for other programs, but not through the State books. The \$110,000 would be new dollars in new programs.

Mr. Helms pointed out that consistently people in villages from 300-5,000 people were not capable of raising enough local dollars to provide matching funds.

Mr. Helms said that as a result of the hearings in Anchorage, they had come up with the following requests from the 86 arts groups: Programs--\$731,000; Equipment--\$352,000; Scholarships--\$651,000. That would be a total of \$1.754 million which so far exceeds the Art Council's budget that they don't know where to begin.

Senator Ray said he was trying to pin down private source money. Mr. Helms said they were specifically tied to programs which are to be administered and received by the private foundation. They would be completely out of the State budget.

Senator Ray requested a communication outlining this again. Mr. Helms said he would be glad to do so.

Rep. Malone asked the amount projected to be received from community efforts. Mr. Helms said that the communities were required to prepare budgets, but that the Council wasn't able to know how much matching they could provide until these budgets were received. He named several different programs and the amounts anticipated, but added that oftentimes those were not cash dollars, but in-kind service.

[Representative Haugen arrived at this time.]

Mr. Helms said that the Native Corporations have not gotten involved in the Arts Program yet, although in the future they hope to provide cash for such programs.

The meeting adjourned at 9:40 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

March 13, 1975

11:25 A. M.

All members present. Senator Willis, Rep. Cotten.
Attorneys representing the Chugiak-Eagle River Borough:
Fred Baxter and Peter Page.

Present

Sen. Ray called the meeting to order and brought the
bills pertaining to Eagle River before the committee for
discussion. The meeting was turned over to Sen. Sackett.

SB 102

111

112

158

159

Sen. Sackett explained five bills were introduced on this
subject in the Senate and five in the House. Staff
members from the AG's office and attorneys from the borough
could never agree on how the state could assist Eagle River;
therefore, Sen. Sackett said the question still remained
of whether a loan or a grant should be made. The committee
discussed these two concepts.

Sen. Sackett noted the Chugiak-Eagle River Borough had
prepared a new budget, totalling \$71,595, copies of which
were distributed to the committee members (copy follows
these minutes). Sen. Willis asked if the attorneys for
the new borough could make their presentation.

Fred Baxter said the revised budget was based on several
important assumptions, the first being funds were cut due
to the fact they were not talking about as many months as
originally. Tentative arrangements have been made with the
Anchorage Borough to pick up PEP employees, Mr. Baxter added,
surplus office equipment instead of new could be purchased,
and the dollar amount for the assets/liability study was not
included in the new budget.

Sen. Bradley joined the meeting at 11:30 A.M.

Mr. Baxter reviewed the items in the budget request, and
said the staff would be kept down as small as possible.
He said this was a bare minimum budget to get the borough
into operation. Sen. Ray asked what would happen after
July 1, to which Mr. Baxter replied the borough would
assume their power if the law suit was resolved. Although
the Court has placed the suit on a high priority basis, it
was not possible to determine at this time when it would
be resolved.

The concept behind House Bill 263 was that funds would be
appropriated to the Department of Community & Regional Affairs,
explained Mr. Baxter. Jack Chenowith would contract with the

borough for the transfer of funds. If the Eagle River Borough were declared unconstitutional, a lapsing clause in the contract would stop additional money, which would be retained by the Department of Community & Regional Affairs. However, Mr. Baxter added, they felt the borough was constitutional and the Court would uphold it.

Rep. Cotten noted the \$50,000 requested in House Bill 50 was just a guess, as at the time of HB 50's introduction there was no definite knowledge of need. The House Finance Committee reported out HB 263 which authorized temporary financial assistance, continued Rep. Cotten, and the appropriation in HB 109.

Peter Page said representatives and senators from the area did put in bills for financial relief; however, the problem arose when the law suit was filed. The suit stipulated the borough could go on with their interim operations, but a problem arose when they went to the Commissioner of Revenue for a loan. Money was available for a short-term loan, but in order to lend money the borough was requested to give a revenue anticipation note requiring an act by the borough, which, under the court order, they could not do. They asked the Anchorage Borough to co-sign the note, but the Anchorage Borough stipulated it would be taken from local area assessment, thereby defeating the purpose. The borough was thwarted at every turn to make a loan, as authority was not granted to the borough by the court. They abandoned their efforts, although the deadline was approaching on teachers contracts, and they found themselves in a desperate situation. Surplus funds were available in the revenue sharing program and HB 263 was the result.

Sen. Ray asked if the attorneys were suggesting the borough would pay back the loan, to which Mr. Page said he was afraid the judge would seek to enjoin the borough from applying for a formalized loan.

Assuming HB 263 passed, Sen. Ray asked if the borough would take three monthly payments, April, May and June. Mr. Page said the borough needed the salaried positions filled and legal fees would probably need to be paid, but some could be pro-rated. Sen. Ray questioned the number of employees. Mr. Page said he did not believe the Finance Director or the others were hired, but the borough would need some funds for salaries.

Sen. Rader noted one request from the borough was for \$200,000, but Mr. Page said the new estimate was \$71,595. Sen. Rader suggested they take an advance payment on their revenue sharing, to which Sen. Ray commented this would be unconstitutional.

Sen. Sackett said from the standpoint of the sub-committee, his recommendation was to give them a grant. He didn't think it would set a precedent, as Eagle River was a unique problem. Sen. Hohman asked why it was unique, and why this wouldn't set a precedent. Sen. Poland noted her community was splitting into two boroughs, and they will feel that if Eagle River was taken care of, they will want to be taken care of also.

Rep. Cotten stated he did not believe \$71,000 would take care of the problem, but would get the borough through the interim. He added some things were not considered when the original legislation was developed. Sen. Rader agreed the original legislation was not adequate, and he had voted against it.

Sen. Ray said if the legislature could aid Eagle River without setting a precedent, they would do it.

The meeting recessed at 12 noon.

AFTER RECESS
1:10 P.M.

All members present with the exception of Senators Ray, Butrovich and Sackett. Senator Willis, Rep. Cotten. Attorneys representing the Chugiak-Eagle River Borough: Fred Baxter and Peter Page.

Sen. Poland called the meeting to order.

The committee continued discussion on the Eagle River borough, and Rep. Cotten said he hoped the legislature would never again act as quickly as they did on the enabling legislation. He stated the group lobbying for that legislation did not necessarily represent the majority.

Sen. Ray and Sen. Sackett joined the meeting at 1:15 P.M.

Sen. Hohman asked the cost of the law suit, to which Mr. Baxter replied he did not have an accurate figure but had heard around \$30,000.

Sen. Ray asked if legislation could be written to the effect that the Eagle River borough would be under a moral obligation to repay the money. Sen. Hohman noted the concept of advancing municipal revenue sharing would be the same thing.

The committee again reviewed the revised budget submitted at the meeting.

Sen. Rader said he agreed with Sen. Sackett's recommendation to allow a grant if money could not be advanced in any other way. He moved the committee report out Sen. Sackett's recommendation with a "do pass." An authorization bill and an appropriation bill could be drafted to reflect the proposal. Sen. Chance amended the motion to adopt a committee substitute for SB 111 to appropriate funds, with new legislation drawn up for the authorization. Upon vote, three members voted do pass and three members voted no recommendation, and the bills would be reported out with individual recommendations.

The meeting recessed at 1:30 P.M. to return to review of the General Government budget.

CHUGIAK - EAGLE RIVER BOROUGH

BUDGET for the period March 6, to June 30, 1975.

ORGANIZATION OF THE SCHOOL DISTRICT	\$19,750
Includes administrative and accounting procedures.	
BOROUGH OFFICIALS	
Finance Director	8,750
Public Works Director	4,000
Planning Director	4,000
Borough Clerk	3,000
Clerical Support	1,720
LEGAL FEES	10,500
OFFICE EXPENSES	
Office Space	3,375
Office Equipment and Supplies	6,000
Employee Benefits	4,000
Travel and Per Diem	750
Recruitment and Advertising	750
INCIDENTALS	5,000
TOTAL	<u>\$71,595</u>

*Budget - as of Thursday -
[Fred B. B. / Peter P. P.]*

SENATE FINANCE COMMITTEE
Friday, March 14, 1975
1:30 a.m.

The following members were present at the Committee meeting: PRESENT

Senator Butrovich

Also in attendance were the following people:

Donald Lowell, Alaska Disaster Office
Tom S. Small, City of Nome (Nome Joint Utility)
Herv Hensley, City of Nome, City Manager
Robert Renshaw, City of Nome, Mayor
Ronald Lind, Department of Administration,
Budget Division

Testimony was given on the following two bills:

SB-264
SB-265

SENATE BILL NO. 264 (An Act relating to authorizing the Department of Administration to make expenditures and shortfalls in revenue of boroughs, cities, municipal utility systems and school districts incurred as a result of the natural disaster declared November 14, 1974; and providing for an effective date)

SENATE BILL NO. 265 (An Act appropriating for shortfalls in revenue and for extraordinary expenditures of boroughs, cities, municipal utility systems and school districts to meet the effects of the natural disaster of November 14, 1974, and providing for an effective date)

Mr. Donald Lowell, Alaska Disaster Office, was introduced to give a statement. Mr. Lowell stated that he was requested to determine the amount of expenditures and shortfalls in revenue. This request came from the joint subcommittees of Senate and State Affairs in a session held in Nome February 22. Following the meeting he met with the City of Nome's Finance Department, the Nome School District, the Utility Manager, and the Mayor of Teller to discuss the shortage of funds. They came up with a request of \$1,150,000 to the Senate State Affairs Committee last Monday, March 10. Subsequently, the Department of Education provided additional information relating to the Nome School District which brought the total amount of the request to \$1,242,539. They investigated the needs for the funds to meet the requirements for the State to take action

to assist in the recovery of the storm in November. Previously, at the request of the City of Nome, the State did provide \$127,200 in assistance based on a project application for Federal reimbursement. At this time the City was \$92 in the red. The City had to make expenditures for emergencies. An additional advance of \$250,000 was obtained from the Governor based on a previous application. Under SB-265, this \$250,000 would be reimbursed to the State. Additionally, there is some \$170,000 based on a 10% holdback under PL 93-288. In utilities, the Federal government approves advances of 75% of any funds of any disaster in public utilities, etc. This would create shortfall in revenue for the community of 90% of what the Department approves. Considering total funding in are is \$1,700,000 they still hold 10%. This would leave \$100,000 in a shortage of funds needed to operate. This is one year's real and property taxes in the community. This \$170,000 advance to the City which is shown, would be a reimbursement to the General Fund from the Federal Government.

One of the major items on which there might be some question is the purchase and transportation of a generator for the sum of \$380,000. The reason this is in there is that at this point the damage to their power system and power plant at Nome is unknown. There might be some land settlement at the building. In this case there must be a realignment of the generator. They are really not sure of the stability of the facility. (See the figure on page 2, line item 17, SB-265) The real problem is, should that facility need a new foundation for stabilization, the city would be without power for awhile. Additionally should this occur, it means that the city would have to order some type of emergency power during that time. The actual damage will not be known until the permafrost thaw in July or August. At that time they would like to obtain a generator and get it into the city to provide power until the plant is repaired. To avoid a risk, they recommend \$380,000 be allowed in appropriations for the transmittal, transportation, and setup on a concrete pad of a generator to insure power. The line items are self-explanatory.

Sen. Butrovich asked, referring to line 28 on page 2 of SB-265 is that \$15,000 figure related to the \$380,000? Mr. Lowell responded that this generator operated during the Anchorage power emergency. The generator is worn out. It is unreliable. Its purpose is to back up the States emergency communications and warning systems.

Sen. Butrovich asked for an explanation of line 29. Mr. Lowell responded that there are a number of communities that have damage; there are 11. It his belief that PL 93-288 will cover all of the emergency work. Not, of course at this

point in time. Some of the debris removal required is not eligible under PL 93-288. Eligibility is only that debris that represents a threat to the community. He would like a few dollars to take care of this cost.

He also pointed out that within the Nome School District there is one item of about \$56,000 that the Nome School District put out in salaries while the schools were closed to provide emergency shelter. There will be a reimbursement of a portion of this from the National Emergency Fund. As a result of the school closure, they will have to keep the school session open one week longer and they will need to pay for the teacher's salaries.

In Teller, they have spent \$10,000 for emergency repairs to housing. Forty-one of the fortythree houses were flooded most severely. Temporarily, part of the people are staying in the church and in the armory. There was approval of the city going in to repair houses. The Department of Housing and Urban Development provided the material, but they did not provide labor contracts. Under the water truck item, the close supply of fresh water is contaminated. The closest source of water is 13 miles away. The community needs some means for its transportation. They do have their own water tank, but their truck will not hold up; they need a truck. Also, there is minor dyke work to be done. He estimates the cost for the dyke repairs at \$17,500; this would assist in providing protection against storms in the future. Both the Mayor and former legislature Bob Blodgett have requested these funds.

In Unalakleet, they are requesting building supplies for new houses. The city has actually used \$20,000 budgeted for other purposes. They are small and have a small budget; they need the assistance.

It was mentioned that they were using the same legislation here that was used during the Fairbanks flood. Sen. Butrovich asked if they had any contact with the Administration on this; the answer was yes.

Herv Hensley, City Manager, City of Nome addressed the Committee concerning the generator problem. He mentioned that much of the material had been covered, and the same information has been given before the State Affairs Committee. Mr. Hensley wanted to go on record as saying that the Community has received very good treatment from the Alaska Disaster Office and FDDA. The reason they are asking for help is that the assistance given by the FDDA is not the type of assistance that covers everything. Being a bush community they have a limited tax base; they operate on a razor's edge. The State has been very generous to other communities such as Anchorage and Fairbanks

during disaster. They really do not know that the amount they are asking for will cover everything. He went on to say that any help would be appreciated.

Tom S. Small, Nome Joint Utility, City of Nome, addressed the Committee. He stated that they are asking for funds to reimburse outstanding bills currently due. They are concerned with one particular item--the problems they are now experiencing relating to the generation of electricity. During the flood the power house received water into several large generating units. Flooding was experienced around the structure itself. Engineers say there is subsurface damage. In the initial report it was stated that there was no damage. However a professional consultant and the Corps of Engineers say damage had occurred. It has been the approach of the Federal government to wait for the summer thaw to adequately determine the full extent of the damage. During the last few weeks they have experienced cracking on the the foundations that support the engine. Looking at the damage, they feel it may disable the powerhouse. They still will not know the full damage until summer. To adequately protect the citizens of Nome, plans must be made now for the necessary hardware that must be shipped in barges to Nome. They have a very short time frame. Their request for emergency generation is a reality. It is needed to provide adequate electrical needs for the rest of the winter. Their request is very realistic, if anything on the low side as they are anticipating their needs only through the summer.

Mr. Hensley asked Mr. Small if there would be any problem in obtaining a generator if the funding is not immediately available. Mr. Small answered yes, for in their determination, there is only one generator available on the west coast. It is being held to meet the requirements of Nome. If the money is not available immediately, there is a good chance of losing that unit and the community will have to go without next winter. In that event power would be restricted and some services curtailed to some of the large users of power. The utilities have spent all of their reserve money. Normally this reserve is used for improvements at this time of year. If they do not receive funding immediately, they will not be able to purchase equipment for early barge shipment.

Mr. Hensley asked if they had a fixed date for shipments. Mr. Smith replied that the generator will be held only until Friday, March 21. It is now a seller's market for engines; it is something that everyone is looking for. They need this unit because they do not feel they have enough generation to meet the needs.

Sen. Butrovich stated that there is a physical problem. The

legislature will not meet Monday. And we do not have a quorum today.

Mr. Hensley stated that the first barge sails to Nome mid-May. The suppliers require that in order to have the supplies on the docks by the first of May, they need 30 days lead time. The community cannot purchase supplies this year, they do not have the money. For instance, they need lubrication oil, this is a must but there isn't any money to pay for it. All of the funds have been exhausted. He went on to state further that the Federal law wasn't written taking into consideration small isolated communities like Nome, that are subject to both climatic and logistic problems.

Mr. Robert Renshaw, Mayor, City of Nome, addressed the Committee as to the value of the Seward Peninsula as a future natural resource supplier and tax base for the State. He urged that the Committee pass these bills out with a favorable recommendation as soon as possible.

Donald Lowell referred to SB-114 stating that when this disaster struck, Bering Sea collected \$400,000 from the State. He stated that there was money left over from Fairbanks. He stated that some of the funds that their communities are spending now will be reimbursed by the Federal Government - \$2,600,000. They just do not have money now to pay the bills.

Sen. Butrovich asked if he appeared before the State Affairs Committee. Mr. Lowell stated in reference to the above two bills, the State Affairs Committee asked his opinion and he stated it was in the best interest of the State. This would bring the old disaster fund up a bit to pay for the current disaster. He went on to say that there are two bills pending now to set up disaster funding. One bill would set up a \$20 a head tax from each person, and one bill would set up \$100,000 from the Office of the Governor.

The meeting recessed at 2:20 p.m.

RECESS

AFTER RECESS
3:00 p.m.

All members of the Committee were present.

PRESENT

Senator Ray called the meeting back to order and stated that there was a problem with regard to the time frame for the Nome people. He asked Mr. Lowell, from the Alaska Disaster Office, to explain the situation.

SB 264 &
SB 265

Mr. Lowell began saying that the City had requested \$380,000 to purchase an emergency generator as back-up to the present system. There is one generator available now, and they have until next Friday to make a commitment. This particular generator is the only one on the West Coast which will fulfill the need in the Nome area. He explained that the present power plant there is failing, and if they don't have the emergency generator set up this summer, there could be a catastrophic problem this winter with a power failure.

Senator Ray asked what the State's responsibility was for replacing this generator. Mr. Lowell said that in previous natural disasters, the State has appropriated money to take care of problems caused by disasters which were no fault of the City itself.

He said that two generators had been damaged by the floor, and these would be repaired by the Federal Disaster Assistance Office. However, the City has adequate power now. The problem is that the building which houses the generator is still settling, and if it continues to settle, they will be without power, and a back-up unit is needed to complete the system for the City. Without that capacity, the City will be without power this winter.

Senator Ray asked why this wouldn't be covered under the Federal Disaster Office. Mr. Lowell said that the Federal government couldn't move until they knew for sure that the whole building is damaged to such an extent that they would have another disaster. By that time, it would be too late. If the State takes care of it, the Federal government would still have to, but because of the time factor, they need the generator now.

Mr. Lowell said they had discussed this with the administration, and they concurred with their request.

Senator Ray said that in the interests of assisting our people in Nome, we want to give them some assistance. However, at this particular time, he was not prepared to give assistance in the total amount requested in SB 265. He was prepared, though, and asked for a possible motion which would allow an appropriation sufficient to cover the generator.

Senator Sackett moved that a Committee Substitute be prepared for SB 264, which was the enabling legislation, and SB 265 so that they would include only the request for the emergency generator at \$380,000. He asked unanimous consent. There was no objection, it was so ordered. This meant that the title and bodies of the bills would be changed to reflect that.

Senator Rader wanted to confirm that this was a top priority with Nome. Senator Ferguson stated that the Nome delegation agreed this was top priority and they were willing to let the rest of the legislation go through regular channels.

Senator Ray asked the Committee if there was any objection to the Disaster Office getting the generator instead of going through the Department of Administration. There was no objection.

The Bill went out of Committee with a "Do Pass" recommendation.

The meeting recessed at 3:30 p.m.

RECESS

SENATE FINANCE COMMITTEE
Wednesday, March 19, 1975
9:00 a.m.

All members of the Senate finance Committee were present.

PRESENT

Also in attendance were Dick Emerman, Div. of Budget and Management, Jack Fagnoli, S. E. Alaska Empire, and the following Correspondence Teachers from the Department of Education: Lynn Williams, Elizabeth Larsen, Sheila Moore, Shirley Carlson, Sheila Peterson, Janie Homan, Sybil Davis.

Sen. Ray opened the meeting by asking if any of the Committee members had any bills prepared for the Committee's consideration.

Senator Sackett moved and asked unanimous consent that the Committee table the following Senate Bills:

SB-102
SB-112
SB-158
SB-159

SENATE BILL NO. 102 (An Act making a special appropriation to the Dept. of Community & Regional Affairs; and providing for an effective Date)

Motion

SENATE BILL NO. 112 (An Act making a supplemental appropriation to the Dept. of Community & Regional Affairs for the Eagle River-Chugiak Borough; and providing for an effective date)

SENATE BILL NO. 158 (An Act relating to organization grants and loans to defray the cost of transition to borough or city government; and providing for an effective date)

SENATE BILL NO. 159 (An Act making a special appropriation to the Dept. of Revenue for the Eagle River-Chugiak Borough; and providing for an effective date)

There was no objection to the motion; it was so ordered.

Senator Ray made the following bill assignments:

BILL
ASSIGNMENTS
SB-50
SB-152
SB-171
SB-176
SB-189
SB-205
SB-264
SB-265

SENATE BILL NO. 50 (An Act relating to year-round school programs within local school districts)

SEN. SACKETT

SENATE BILL NO. 152 (An Act making a special appropriation to the University of Alaska; and providing for an effective date)

SEN. RAY

SENATE BILL NO. 171 (An Act terminating the Alaska
State Mortgage Association SEN. HOHMAN

BILL
ASSIGN-
MENTS
HB-103
HB-146

SENATE BILL NO. 176 (An Act exempting persons of
age 65 and over from the school tax; and providing
for an effective date) SEN. RADER

SENATE BILL NO. 189 (An Act relating to absences
from the state in computation of longevity bonus)
SEN. RADER

SENATE BILL NO. 205 (An Act relating to payments for
judicial services by political sub-divisions; and
providing for an effective date) SEN. RAY

SENATE BILL NO. 264 (An Act relating to authorizing
the Dept. of Administration to make expenditures
to meet extraordinary expenditures and shortfalls
in revenue of boroughs, cities, municipal utility
systems and school districts incurred as a result
of the natural disaster declared Nov. 14, 1974;
and providing for an effective date) SEN. CHANCE

SENATE BILL NO. 265 (An Act appropriating for short-
falls in revenue and for extraordinary expenditures
of boroughs, cities, municipal utility systems
and school districts to meet the effects of the
natural disaster of Nov. 14, 1974; and providing
for an effective date) SEN. CHANCE

HOUSE BILL NO. 103 (An Act making a supplemental
appropriation to the Dept. of Community &
Regional Affairs; and providing for an
effective date. SEN. RADER

HOUSE BILL NO. 146 (An Act making an appropriation to
the Dept. of Natural Resources, Alaska Royalty
Oil & Gas Development Advisory Board; and providing for
an effective date) SEN. HOHMAN

Sen. Ray informed the Committee that he would not assign
SENATE BILL NO. 243 (An Act relating to benefits being paid
under the territorial public employees' retirement system)
at the present time. He was asked to hold this as an
amendment was being worked out. The Administration is increasing
retirement benefits \$50 a month. There are only three of
these employees in Alaska. The amendment will make an
accommodation for one other employee. If the Committee doesn't
hear from the Administration today or tomorrow, it is his
suggestion that the matter be brought up for the House to

SB-243

handle. He asked Jim Fennel to follow up on this.

Sen. Ray asked the Correspondence Teachers to make their presentation before the Committee.

DEPT. OF
EDUCATION -
CORRESPOND-
ENCE STUDY
PROGRAM

Sheila Peterson and Sheila Moore introduced themselves as the spokespersons and passed out to members of the Committee a booklet: Scattered Chatter, 1974, by the Department of Education, that would help explain the Correspondence Study Program.

Ms. Peterson addressed the Committee first, stating that they represent the advisory teachers. These are teachers working part-time under contractual service with the Department of Education. On March 4 of this year Marshall Lind proposed cutting \$500,000 from the educational budget leaving \$170,000. Instead of educating the children directly the Department proposes that this be done by the local districts and SOS. The advisory teachers feel that the budget is inadequate and that it does not reflect a positive approach that the legislature has given over the years. The allocation of funds during 1974 and 1975 fiscal years increased to \$500 per child and the school districts \$1,000. Formerly it was \$245 per child. There will be problems arising from the fact that many of these children do not fit a regular school program. Most students are from the bush and the budget did not reflect this. They feel the Correspondence Studies is the best way to educate 450 to 500 students. Under the proposed system many of the districts will only have four or five students to educate. This will create problems in hiring advisory teachers and presenting a program at their level. The districts can update the clerical and other things, but they will have to make recommendations at each level. This will be difficult for SOS districts.

Ms. Moore continued that the program is working well the way it is now. It will cost more for a less efficient educational system if it is fractioned off. Presently they have their own courses and materials in one centralized office. If the system is fractionalized all of the materials will be housed in Juneau and the courses scattered throughout the State. The materials needed will have to go through the State Library and back out to the students. The proposed program will need 20 teachers, secretaries, and others and the Correspondence Studies can handle this now.

Sen. Ray said he would play the Devil's Advocate and take the position of the Department of Education. He understands that the proposed program will give the correspondence students an equal advantage by giving them the same grants

everyone else has. They will receive more than the \$1,500 presently allocated.

It was answered that the teachers agree that under the Administration's program each child will have more money spent on him. The teachers would recommend that \$500 be sent back to the central location. Each district would not have to have supplemental material for each grade. This would not have to be duplicated 40 times. Ms. Moore went on further to say that the districts now are not spending the money and many of the children are outside the Compulsory Education Law. The way the law stands now, the districts do not have to do anything. Also the districts will go on the Calvert courses out of Baltimore. These courses, before Alaska Statehood, were determined to be inadequate for Alaska. The quality of education will slip. Ms. Peterson inserted that the high school students would be going through a program by the University of Nebraska. Under this program their papers cannot be graded locally by outsiders. Ms. Moore also pointed out that if each district has only five children at different levels of education, there will only be one teacher to handle all levels. Presently, the program has one teacher for each grade level.

Sen. Ray asked if the districts couldn't contract a teacher to do the same thing. It was answered that it would be difficult to contract a teacher for only a few hours a week. Sen. Ray pointed out that if the district has a second grade teacher, why not go to the teacher and ask her for \$50 extra to take on the additional hours of work. Lynn Williams answered that the work load would be too heavy.

Sen. Butrovich asked what prompted the Department of Education to make the change. There must have been some dissatisfaction over the present system. Ms. Moore answered that Margaret Justice was never consulted on this, and they do not know. Sen. Ray explained that the reason came about last year when SOS wanted their own correspondence studies and curriculum. They were not being provided services by the correspondence teachers to their liking. The people who took the courses from SOS were not satisfied and want to get back to DUE. The philosophy is to localize education and not have it centralized.

Sen. Chance read to the Committee a breakdown of SOS teachers and their areas. She stated that none of the teachers travel out of their immediate area to the outlying areas.

Sen. Ray stated that SOS wanted to take over the correspondence studies and it was given to them under the recommendation of

the Department of Education. Previously, it was one program and last year it was split. The Correspondence was not giving them the emphasis in cultural studies that was wanted.

Ms. Peterson said that if the correspondence studies program was centralized, the regional boundaries could be crossed and this would give a more efficient program. The districts would not have to wait for the SOS people to show up.

It was also pointed out that reorganizing this program would not necessarily speed up the receipt of materials by the people in the outlying areas. The mail would not move any faster.

Sen. Ray suggested that perhaps the Committee should contact some of the school districts to obtain their input on this matter. They have the correspondence teachers' opinions and the Administrations position. Lynn Williams pointed out that it was the teachers' opinion that the parents as well as the local school boards should be consulted.

It was stated that when the teachers spoke with the State Board of Education there had been no real planning done on the allocation of money to the various areas. During the summer, the school districts close down and this is when many of the students in the outlying areas are doing their hardest work. This problem should be evaluated.

Ms. Moore told the Committee that all of their contracts end July 1. They have 281 children at the elementary level and they will not be finished with their studies at that time. They do not know who they will be under from that time on.

Sen. Chance pointed out another problem. If each of the districts provide their own program, and a student must move from district to district, the student would have to start all over again on another program. Some of the districts do charge the parents a fee.

Dick Emerson stated he would like to make a few comments concerning the Governor's budget. He thinks, however, the Administration should be contacted for a formal statement. The districts receive the same amount of money for correspondence studies as they would receive for class rooms. Generally the districts will hire their own advisory teachers. They do not correct papers, but travel around to different homes and work in a person-to-person

way. The reason behind this is to combine this activity have teacher extension fund to correct the papers. This would cut expenses \$500 to \$250. The cut is for activities for functions performed centrally. He would suggest a formal position from the Department of Education. In response to the matter of developing courses themselves, he went on to say that there was a reserve for monitoring this function to make sure that the districts were doing what should be done.

Sen. Ray asked the teachers if they worked under a contractual agreement with the Department of Education. The response was yes. Sen. Ray read from his budget book, the Department proposes to eliminate \$75,500 professional fees and services. There was an increase of 118,400 new positions for advisory teachers. Ms. Moore said that they would not receive fringe benefits, etc.

At this point in the meeting the teachers left.

Sen. Ray told the Committee that there was a problem with the Community Colleges. Apparently, there are grave differences of opinion between the teachers and the administration. Perhaps this Committee would like to call representatives of both sides to appear before them together. Rich Guthrie informed the Committee that the University of Alaska people would be down the first part of next week for a meeting with the House Finance Committee. Sen. Ray asked that these people be contacted.

COMMUNITY
COLLEGES

The meeting was adjourned at 9:50 a.m.

ADJOURN

SENATE FINANCE COMMITTEE

March 20, 1975

9:00 A.M.

All members present with the exception of Senator Sackett.

Present

Sen. Ray called the meeting to order and called the committee's attention to a letter from the Attorney General regarding the University of Alaska.

Sen. Chance brought SENATE BILL NO. 173 (An Act relating to the Alaska industrial incentive taxes and tax credits) before the committee. Legislative Audit is in the process of completing a study on this subject, and Sen. Chance thought it would be best to delay action until their audit was final.

SB 173

Sen. Ray brought SENATE BILL NO. 183 (An Act making a supplemental appropriation to the Dept. of Commerce for the small business revolving loan fund) before the committee. Sen. Ray said he was not supportive of putting \$540,000 into the small business revolving loan fund, but did want the committee to have a chance to review the bill. The committee decided to return the bill to the file.

SB 183

HOUSE BILL NO. 103 (An Act making a supplemental appropriation to the Dept. of Community & Regional Affairs) was brought before the committee by Sen. Rader. The committee agreed with the idea expressed by Rep. Buckholdt in the House Finance report that including the two items in one supplemental was "piggy-backing" appropriations. However, Sen. Rader moved and asked unanimous consent to report HB 103 from committee with a "do pass" recommendation. No objection, so ordered.

HB 103

Sen. Rader brought SENATE BILL NO. 176 (An Act exempting persons of age 65 and over from the school tax) before the committee. Sen. Chance moved and asked unanimous consent to defer action on the bill. No objection, so ordered.

SB 176

SENATE BILL NO. 68 (An Act making a supplemental appropriation to the Dept. of Military Affairs, Alaska National Guard) was brought before the committee by Sen. Hohman. Sen. Hohman briefly explained the reason for the supplemental, and moved and asked unanimous consent to report SB 68 from committee with a "do pass" recommendation. No objection, so ordered.

SB 68

Sen. Ray moved and asked unanimous consent to report SENATE BILL NO. 243 (An Act relating to benefits being paid under the territorial public employees' retirement system) from committee with a "do pass" recommendation. The committee questioned the recipients of the retirement benefits, which information would be provided to the committee at the next meeting. With no objection to Sen. Ray's motion, SB 243 was reported from committee.

SB 243

The meeting adjourned at 9:40 A.M.

Adjourn

SENATE FINANCE COMMITTEE

March 24, 1975

9:05 A.M.

All present with the exception of Senator Chance.

Present

Sen. Ray called the meeting to order and assigned the following bills:

Bill
Assignment

SB 51
SB 114
SB 188
SB 226
SB 280
SB 281
SB 285
SB 297
HB 80

Rader
Poland
Rader
Ray
Poland
Poland
Rader
Ray
Ray

SB 51
SB 114
SB 188
SB 226
SB 280
SB 281
SB 285
SB 297
HB 80

The meeting adjourned at 9:10 A.M.

Adjourn

SENATE FINANCE COMMITTEE

March 25, 1975

9:05 A.M.

Senators Ray, Poland, Chance, Rader, Sackett.
Edie Lynch, President, ACCFT Local 2404; Clark Corbridge,
ACCFT Chief Negotiator; Ralph McGrath, ACCFT Negotiator.
Representatives from the student body at Anchorage Community
College and representatives from the administration of the
University of Alaska.

Present

Senator Ray called the meeting to order and brought COMMITTEE
SUBSTITUTE HOUSE BILL 80 (An Act making a supplemental
appropriation to the Dept. of Administration for increased
costs relating to the contract for supervisory unit employees;
and providing for an effective date) before the committee.
Senator Poland moved and asked unanimous consent to report
the bill out with a "do pass" recommendation. No objection,
so ordered.

CSHB 8

SENATE BILL NO. 76 (An Act making a supplemental appropriation
to the University of Alaska; and providing for an effective
date) was brought before the committee.

SB 76

Representatives from the Alaska Community Colleges Federation
of Teachers came before the committee to testify, and intro-
duced themselves: Edie Lynch, President; Clark Corbridge,
Chief Negotiator; Ralph McGrath, Negotiator.

Mr. Corbridge referred to the letter of March 14, 1975, and
attached material. (See bill file.) Copies had been provided
for the committee members. He stated they were concerned about
two things in the cost of negotiations: since 80% of the
faculty members were in Anchorage, the ACCFT felt the negotiating
team should be from the Anchorage area, and the ACCFT felt it
should take no longer than 30 days to complete negotiations.
Mr. Corbridge continued summarizing the material submitted to the
committee.

Senator Hohman and Butrovich joined the meeting at 9:25 A.M.

Max Hollinger, Vice President, Finance, University of Alaska,
spoke before the committee and noted information presented at
an earlier meeting concerning SB 76 was adjusted by a memorandum.
(See bill file.) He had just received the material from ACCFT
which would be presented at this meeting, and did not feel
negotiations between the ACCFT and University should be held
before the Senate Finance Committee. The University had
submitted their information, and Mr. Hollinger said he had not
had time to analyze the ACCFT's presentation. He did note,
however, that the placement projections submitted by the ACCFT
were based on more recent figures.

Max Fonger, Deeta Lonergan, and George Miller, non-union members of the Anchorage Community College faculty, appeared before the committee to testify.

Mr. Fonger said there was a serious problem in that 35 faculty members were facing termination due to not joining the agency shop. These 35 faculty members were in agreement that the monthly fee was unreasonable and unjust, and felt it would not be objectionable if it ranged from \$5 to \$10 per month. They were still philosophically opposed, but the immediate problem was to get through the current semester. Mr. Fonger asked that consideration be given to provide a "conscience clause" amendment, and the union fee could be paid into a student financial aid fund by those opposed to supporting the union.

Deeta Lonergan agreed they were dealing with termination if they did not pay the fee set by the union members. Ms. Lonergan said her concern was with the students, plus her personal investment. Teaching was interrupted in the Fall by a three-week strike and if teachers are terminated now, the students would have to pay the price. She strongly recommended that some steps be taken to continue the semester and make a decision in the Fall. The union said they could continue to teach if they would sign a resignation form which stated they would not apply to any other community college for the term of the contract. The union is also going to court over back agency fees. Ms. Lonergan concluded by saying the non-union faculty had no voice in the matter.

Mr. Miller said he just did not want to be fired, as teaching was his job.

Sen. Sackett asked the percentage of the 35 teachers to be fired. Mr. Fonger replied there were about 180 to 190 teachers in the bargaining unit.

Ms. Lonergan stated they would rather not accept the increase in salary afforded under SB 76 and maintain the status quo and their academic freedom. The non-union faculty members would give up their option to an increase in salary.

Replying to questions, Mr. Fonger said the union requested signatures on authorizations to deduct about \$25 or \$30 per month from checks about the first week of March. On March 6 they were notified the fee would be \$35 per month, with a deadline to sign the authorization of March 17. Prior to that the 35 non-union members filed a grievance, and now nobody will be terminated until the grievance has been resolved.

Ms. Lonergan read the budget prepared by the union and disagreed with the amounts requested. Sen. Rader asked if she felt the

fees were not worth the services performed, and asked how much she felt fees should be. Ms. Lonergan said about \$10 to \$15 per month. She added the faculty has received no guarantee their grievance would be backed up if they grieved the union, only if they grieved the University. Services provided pertained to union members, not non-union, she added. Mr. Fonger said legally the union was bound to represent them, but they were not sure what form that support would take. He agreed that under the law they could assess an agency fee, but the faculty had asked for justification. Discussion continued between Sen. Rader and Mr. Fonger on the union's budget.

Sen. Ray asked if their testimony was to the effect that they would prefer teaching to the end of the semester with no increase in salary. Ms. Lonergan said yes. Sen. Rader asked how much of an increase was available, to which Mr. Fonger said somewhere in the neighborhood of \$200/month. Mr. Miller said his increase would be more, as he was currently making \$1420/month which would go up to \$2,200. Mr. Miller added he would be willing to forego the increase if he didn't have to pay the agency fee, as the union went around it in the wrong way.

The meeting recessed at 10:00 A.M.

AFTER RECESS
1:55 P.M.

Senators Ray, Butrovich, Sackett, Rader.
Senator Terry Miller. David Hoke, Chairman, University
Assembly. Representatives from the faculty, students,
and administration of the University of Alaska.

Present

Senator Ray called the meeting to order.

David Hoke testified before the committee, and a copy of
his speech is on the following page.

SB 76

Replying to questions, Mr. Hoke said the detriment to the
agency shop was some faculty members would have nothing to
do with the union, but they should not be denied the right
to work. Five weeks remained in the semester. The original
request for termination was March 31, but while the grievance
procedure was in motion it appeared it would be at least one
week to ten days after that, around April 10.

Sen. Rader said the idea of the agency shop was everyone must
pay a share of the costs, and asked Mr. Hoke's suggestion.
Mr. Hoke said since they entered the contract not knowing all
the conditions, it was not in order as they did not know what
the results would be. Sen. Ray asked if the teachers started
the teaching year with the idea there would be no change in
the contractual arrangement with the University, and were now
faced with different working conditions, different salary, and
were forced to belong to the agency shop. Mr. Hoke replied
the contract they originally signed stated "Contract is subject
to negotiations presently underway between the union and the
University of Alaska." They did not have the faintest notion
that an agency shop would be one of the requirements. The
only time public statements were made by the union was last
year when the union did not say an agency shop would be one of
the requirements. Tenure was to be provided for, with some
recommended changes, but in the negotiations tenure disappeared.

Sen. Rader asked if Mr. Hoke objected to the \$35 union fee, to
which Mr. Hoke replied his major objection was that it was
improper in an academic setting to support a union. \$10 or
\$15 would be fairer, added Mr. Hoke, but he would still object
very strongly to the union's activities.

Discussion continued, and Sen. Ray said hearings probably
would be held in Anchorage over the next weekend. Sen. Ray
asked if Mr. Hoke was aware of a similar problem on the
Minnesota campus, to which Mr. Hoke replied he had written
to them and their advice was to pay the union dues and take the
case to court.

I am David Hoke, a teacher of mathematics at Anchorage Community College and thus a member of the bargaining unit. I am also Chairman of the University Assembly and have been in that position for the past two years. In addition to that I am a member of the President's Academic Development Plan Committee. I have observed firsthand both the management and mismanagement of the University over the past nine years. I have also seen the development of the Union, but from the viewpoint of an outsider.

As Chairman of the Assembly it is my responsibility to represent as best I can the interests and views of the entire University community-administrators, faculty and students. I have been severely chastised in the Union newsletter for not representing only union views in my role as Assembly Chairman since I was elected by the Community College faculty of the Southcentral region and the majority of those faculty were members of the Union.

I am fully in sympathy with the Union with regard to the conditions which were responsible for the formation of the Union. And I have no quarrel with the fact that many faculty members within the bargaining unit are underpaid and have been so for several years in some cases. I do not intend to testify that the raises - or at least some decent raises are due to the bargaining unit members.

My primary concern is that prior to fully funding Senate Bill 76, members of the legislature consider very strongly the effects of the activities of the Union over the past months and the possible effects of continued Union activities based on precedents already set by the current contract.

It seems not only awe-inspiring but somewhat preposterous that faculty members as a matter of course may as of next July be receiving a salary equal to that received two years ago by the President of the University and that the only justification for that salary is hours spent in a classroom as a student, years spent in a classroom as an instructor and years spent on some job related to the present area of teaching by faculty members with no weight given to competence or quality of performance of the individual.

I wish to commend the members of the AFT - particularly those present at these hearings for all the hours they have spent in putting together proposals they wished to negotiate at the bargaining table. I do not doubt their sincerity in wishing to improve working conditions and salaries. However the Union has now extended its interests beyond those bounds and has done so to the detriment of the University - and by University I refer not to administration, but to the students and the University's ability to serve those students at present and in the future.

The non-Union faculty did not interfere in any manner with the Union members' activities. As a rule, I think the non-Union members relied on the Union members to act in a manner which would promote and to pursue goals which would improve the quality of education offered by the Community Colleges. The non-Union members did not expect many of the consequences of Union activity which are now history - particularly the strike and the agency shop clause which demands that non-Union members be forced to financially support to the same extent as Union members the activities of the Union which those non-Union members deplore.

At one time the primary goal - or advertised goal of the Union - was quality education. Now the primary goal of the Union is obviously centered around Union security and eliminating from the bargaining unit all opposition to the Union.

At present, thirty-five bargaining unit members are in the position of possible termination solely for refusing to financially support the Union. This will have profound effects on the University of Alaska. The Anchorage campus stands to lose in excess of 20 faculty members including 4 of the 6 full-time math instructors. Juneau-Douglas will lose three staff members of the secretarial and business education faculty. Kuskokwim Community College will lose four of their eleven faculty members. And the Tanana Valley Community College will find great difficulty in finding any present Fairbanks campus faculty who are willing to move to that Community College faculty.

Again I admit that there are many inequities in salary in the bargaining unit. But something must be done to place some limitations on the Union which bargained for a strong academic freedom statement and then subsequently presented non-Union members with an option to either be immediately terminated or resign immediately effective the last day of the semester, acknowledge their liability to the Union for all agency fees and commit themselves to make no inflammatory remarks against either the Union or agency shop.

To have a Union of such leanings calling the shots - and the administration is letting the Union call most of the shots - is incredible and totally out of place in any educational setting.

An agency shop requires a faculty member's first allegiance be to the Union whether or not he be a member of that Union. Such a requirement for employment and certainly any incidents of firing of faculty members for standing up for their principles and being fired for such a stance will drive many competent individuals who might otherwise apply for teaching positions at the University to other Universities who will then benefit from their services. We will thus deny our students their absolute right to outstanding instruction from teachers who cannot or will not support a Union.

I consider freedom of thought and expression of thought on an academic campus and the right to exercise one's principles without compromise to maintain employment to far outweigh in importance the security of any organization in a University or College campus.

Although I personally oppose a forced support of any organization in order to have a faculty appointment, I would voluntarily help a bargaining agent pay the expense incurred in improving salaries and working conditions if I could approve as proper and ethical the methods used in the attainment of these improvements.

The agency shop clause in particular plus the methods of the Union in carrying out the negotiations and pursuing the contract settlement have been and will continue to be detrimental to this University and would be so to any University. Thus I would hope that you consider carefully the effects of the contract as a whole and the precedents it would set for future negotiations before you give carte blanche approval to fund all the financial provisions of the contract.

I would like to see my colleagues get salaries comparable with faculty members elsewhere and have comparable working conditions. But I would not like to see the contract funded and have such funding seem to be an unconditional approval of what the Union has done and is doing now.

Granted Alaska statutes give or seem to give to the Union the right to legally do all or most of what is being done related to arbitrarily assessing a fee to non-Union members or terminating faculty members. But it is a sad day for education when a University is staffed by faculty members who consider that maintaining the reputation and power of a Union on campus is more important than exercising human decency, respecting the rights of colleagues to stand up for their principles and allowing free expression of ideas contrary to those of the Union. The past few weeks have shown that the Alaska Community College Federation of Teachers' leadership considers the Union to far outweigh in importance the University, the students and individuals be they Union or non-Union. In no way can such a faculty serve the State when their primary concern as exhibited by actions is to serve the Union.

Although I do not oppose the granting of money to upgrade salaries I do oppose any such action if it can be in any way construed to support

Kathleen Burgess and Robert Hesley, representatives from the students at the Anchorage Community College, appeared to testify before the committee.

Kathleen Burgess said they represented the student liaison for higher education to investigate problems concerning the agency shop clause and the threat of termination to some 35 faculty members. She gave a brief history of the student's involvement with the union, and said originally 73% of the students voted to support the AFT because they thought this would provide a fair salary and benefits for teachers. The strike affected the students significantly, and it was now the belief of the students that the union has forgotten quality education due to their own interests. The students have been excluded from meetings with the union, and feel the union does not have the best interests of the students at heart. The warring on campus could not help but be detrimental to education. The students were now faced with the possibility of substitute teachers again on April 10, and the students are now talking boycott.

Robert Hesley said the union has become a threat to education, although they supported the idea of a unionized faculty originally. Through negotiations, tenure was taken out, although all concerned were assured tenure would not be an issue. The students have lost credit hours in the last two semesters. There are elements in the contract which were detrimental to the quality of education in the state, concluded Mr. Hesley.

Senator Poland joined the meeting at 2:30 P.M.

Ms. Burgess said the student's original position was to urge defeat of SB 76; however, they were not now asking for defeat of the bill until after the hearings.

Sen. Ray questioned the level of education at Anchorage, to which Ms. Burgess replied she was from another country, where academic standards were higher. Also, her discipline was under an agreement with AMU, and biological science will no longer be offered at the University of Alaska. Continuing the discussion, Ms. Burgess said she seriously doubted if many teachers would again strike were one called, as the union no longer had the support of the students.

Mr. Hesley stated they originally planned to ask defeat of SB 76 out of desperation, since the union has flatly refused to meet with the student representatives. Passage of SB 76 would confirm the right of the union to continue in the manner in which they were now going.

Sen. Rader asked if the students thought the union shop should be done away with, to which Mr. Hesley replied the students' proposal was that non-union members pay the fee, but the money should be put into an AFT scholarship fund. Non-union members would thus not be supporting the union. Students also believe union membership should not be a criteria for hiring. Ms. Burgess added the "conscience clause" suggested by the students would allow a fund for the advancement of education. 50% of the total fee could go into a scholarship fund, thereby giving the union some benefits and enhancing their position on campus.

Debbie Brown, Rick Davidge, and Bob Williams, representing the students from the Fairbanks campus, appeared before the committee.

Bob Williams said it looked like the unionization of University faculty and public employees had gone too far. He referred to page 31 of the community college teachers contract, which covered employees health and life insurance, and page 33 which stipulated that faculty members and their families could take a number of courses without cost. Mr. Williams said there was a strong possibility of students forming a union, since they pay for tuition, fees and tax money for their education, while the unionized faculty could receive their education free,

Rick Davidge stated they represented both the students and the faculty deans in Fairbanks, who were all concerned that the classrooms in Anchorage had turned into lectures on union activities. This was a violation of the trust placed with the state to provide higher education. Mr. Davidge said he was concerned about the fiscal implications of SB 76 and the future impact on higher education. If unionization continued to grow, there could be as many as eight unions throughout the University structure, with a detrimental effect on students. Many students have left the Anchorage campus for Fairbanks, as they wanted to get away from the fight. They lost one year's schooling and money, and the possibility exists that they may file suit for violation of trust.

Debbie Brown said she would never go back to the Anchorage Community College due to the quality of the instructors, and heard that many students were trying to make up classes lost during the strike.

Replying to questions, Mr. Corbridge said enrollment figures were down about 1.2% by the third week of classes, and the projected decrease in enrollment did not materialize. He did not know how many students came to the U of A due to the closing of AMU. It was noted by the committee that the average increase in enrollment runs about 15% per year; therefore, the Anchorage Community College did decrease in enrollment.

Sen. Rader asked for testimony from the University administration. Mr. Dafoe said he had nothing to say.

Upon further questioning, Mr. Dafoe said the strike was a highly disruptive experience, and he would like to discuss the Public Employment Relations Act at some future time with the committee. He thought it was a very ineffective law, and there was no where to turn for help during the strike.

Mr. Corbridge said the union, during its entire existence, did everything possible to stay within the law. Ms. Burgess said the law was so lenient that it was not difficult to live within it.

Hearings were scheduled for Friday, March 28, in Anchorage.

The meeting adjourned at 3:10 P.M.

Adjourn

SENATE FINANCE COMMITTEE
Wednesday, March 26, 1975
9:00 a.m.

All members of the Finance Committee were present. Also in attendance were Rep. Terry Miller and Elaine Mitchell.

PRESENT

Sen. Butrovich brought up for discussion SENATE BILL NO. 163 (An Act making a special appropriation to the Dept. of Health & Social Services, laboratories; and providing for an effective date).

SB-163

Sen. Butrovich was inclined to recommend passing the bill out of Committee with an amendment reducing the appropriation from \$80,700 to \$70,000 for expenses which will be incurred in moving the northern regional laboratory from the Fairbanks Court and Office Building to the Arctic Research Laboratory at the University of Alaska.

There was a general discussion on the inadequacy of having the laboratory on the university campus instead of close by the court house. Sen. Sackett mentioned that it was his understanding that the move had already taken place, and that this appropriation was coming after the fact. The Committee asked him to check into this matter.

Sen. Chance brought up for discussion SENATE BILL NO. 285 (An Act making a supplemental appropriation to the Dept. of Health & Social Services, Alaska Retarded Citizens Association work activities center; and providing for an effective date).

SB-285

The Committee referred to a memorandum from Milt Barker, Fiscal Analyst, Legislative Finance, to Sen. John Rader, dated March 17, 1975 and the attached chart and reports. Sen. Ray mentioned that ARCA was increasing their staff by 16 people. He also stated that in FY 75 H&SS failed to budget funds for this program; the revised program is for \$58,000. The funds are coming from Harborview and WIN.

Milt Barker appeared before the Committee to answer questions raised by his memorandum. He was asked why there were more people in the program. Mr. Barker responded that he thinks it is because the Department has generally been more successful in pulling retarded people out of their existing living situation and putting them into a workshop situation. Sen. Ray mentioned this must be an arbitrary decision on the part of ARCA in complete disregard to their own budget.

Sen. Ray asked Mr. Barker referring to the last paragraph of the memorandum, H&SS is obligated to pay \$377 a month to take care of these people, who keeps the money? Mr. Barker responded that it goes to the workshop. Some of the people live at the group homes and work at the workshop. In answer to Sen. Hohman's question on the cost, Mr. Barker said the budget is \$75 a day to keep the people.

Sen. Hohman mentioned that this is an increase of about 40% over what was expected in their budget.

Sen. Sackett pointed out that in Harborview versus ARCA even if ARCA is given what they request, this will not cut Harborview.

Sen. Ray instructed the staff to ask representatives from ARCA to appear before the Committee. Also, to ask representatives from the Hope Center to appear in connection with SB-285 SB-188 SB-188.

The meeting was adjourned at 10:35 a.m.

ADJOURN

SENATE FINANCE COMMITTEE
Thursday, March 27, 1975
9:00 a.m.

The following people were present: Senator Ray, Senator Butrovich, Senator Chance, Senator Rader, Senator Hohman, Senator Poland, Mr. Richard Holden, Director, Facilities Planning, University of Alaska, and Elaine Mitchell, Alaska Radio (Arr. 9:15 a.m.), Senator Sackett (Arr. 9:20 a.m.)

PRESENT

Mr. Holden was representing the University of Alaska in urging the Committee to pass out HOUSE BILL NO. 323 (An Act relating to the University of Alaska Anchorage Campus Student Center Revenue Fund, and providing for an effective date) with a DO PASS recommendation. The bill would increase by 75% the amount of students fees set aside to amortize funds. Currently with the revenue projection they are being provided adequate cash payments each year but they receive only 25% reserve. The bond market is being flooded with AA and AAA bonds. With the present reserve, the University can offer only BA rated bonds which are not selling. A higher percentage of the students fees would provide a larger reserve for a better bond rating.

HB-323

A copy of a Fiscal Note was distributed to each Committee member. Mr. Holden referred to the second page. The difference in revenue given at 25% and at 35% of the students fees was illustrated. He said in terms of State dollars in FY 78, the University would have to put \$95,000 in escrow over regional projection that year. It doesn't get lost, they can spend it at the end of the year. This gives a better looking coverage for bond holding rate.

In response to Sen. Ray, Mr. Holden stated that they had revised their estimates downward because of a drop in campus enrollment. The enrollment estimates are conservative. This is the only thing that would effect the projections.

Sen. Butrovich asked, this just goes into a reserve account? Mr. Holden answered yes. The Senator asked it is just a guarantee? The response was yes, to maintain credit against the sale.

Sen. Rader told the Committee that whenever there is revenue bonding, you have the securities of the bonds times the earnings capacity, and what is left over can be spent on whatever you want.

Senator Chance moved and asked unanimous consent that HB-323 be passed out of Committee with a DO PASS recommendation. There was no objection, it was so ordered.

Motion

The meeting adjourned at 9:30 a.m.

ADJOURN

SENATE FINANCE COMMITTEE
Wednesday, April 2, 1975
9:05 a.m.

All members of the Finance Committee were present. Also in attendance were: R. Samuel Pestinger, U. S. Attorney, Rep. Univ. of Alaska; Chuck Wingrove, Graduate Student, W. of A.A.; Ed Isenson, Filmmaker, Member UAA Citizens Adv. Comm.; Elaine Mitchell, Alaska Radio.

PRESENT

Sen. Hohman announced that three bids on schools in the north west had been opened. The bid went for \$110 a square foot. Nana Corp. is having local people do the construction for 55% of the cost.

NORTHWEST
SCHOOL BIDS

Senator Ray made the following bill assignments:

BILL
ASSIGNMENTS

SB-24	Senator Burovich
SB 35	Senator Poland
SB 46	Senator Ray
SB 71	Senator Sackett
SB 91	Senator Hohman
SB 149	Senator Ray
SB 212	Senator Chance
SB 304	Senator Rader
SB 311	Senator Ray
SB 228	Senator Hohman
HB 166	Senator Sackett
SCR 27	Senator Poland

SB-24
SB-35
SB-46
SB-71
SB-91
SB-149
SB-212
SB-304
SB-311
SB-228
HB-166
SCR-27

Senator Ray asked that SB 304 be brought up before the full Committee within two or three days.

SB-304

Sen. Chance announced that the budget hearings on Development would continue at 1:30 p.m. in the afternoon.

BUDGET
DEV.

Sen. Rader introduced Mr. Wingrove, Mr. Pestinger, and Mr. Isenson to the Committee to testify on the funding of new programs at the University of Alaska, Anchorage.

UNIV. OF
ALASKA
FUNDING

Mr. Pestinger stated that there has been new developments in Anchorage concerning the University of Alaska. The impact is on finance.

The University of Alaska is requesting new items in their FY 76 budget. They had made a presentation to the Anchorage legislators and from this new issues were formulated. One is the acquisition of AMU by the University of Anchorage;

another is the recent possibility of reorganization of the college concept. The last one is tentative. They will be going from a two plus two system to a 4-year college. The three men are representing the community, not the university per se.

[At this point, Sen. Ray left the meeting
and Sen. Rader chaired the meeting]

Sen. Chance asked what the purchase of AMU by the University of Alaska would do to the University's programs.

Mr. Wingrove responded that biasly speaking, as a graduate student, one of the courses he is taking is a case study on this matter. Last Thursday he mediated a panel discussion sponsoring the student's sociological society on campus concerning the establishing of an honors college. There was a great deal of concern on the part of everyone; members of AMU and the University's administration and faculty. The concern centers in the division in AMU programs in terms of bringing them into the University of Alaska, Anchorage. The University of Alaska has a 2-year community college and a 2-year senior college. As an example, the nursing program at AMU is a 4-year program. At the University of Alaska the nursing program is a 2-year program. Graduates of both programs take the same State RN test and receive the same RN license. If you bring a 4-year program in and divide it up along the functions that are already established, the students are going to take the 2-year program at the community college and then take the license test. The students in the AMU program do not want to lose the 4-year program. There are definite assets to a 4-year graduate in public health even though the graduates of both programs take the same State examination. It is a difference of an Associate Degree and a Baccalaureate Degree.

There is also an issue with the bargaining unit with the community college bargaining contract with the University of Alaska, Anchorage. There has been created a real dichotomy between the community college faculty and the senior faculty. They do not know how the bargaining unit will be affected with the AMU consumption. In the community college you have people who are qualified but who will not be teaching in the upper level, and you have the same situation conversely. There is the problem when you bring in the AMU faculty; will the various faculty members be assigned to the community college level or to the senior college level.

The Committee members were given a manual of material from the Citizens Advisory Committee on the University of Alaska, Anchorage. They were informed that these manuals were also