

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2582

Tape #: H76 - ~~19~~ 19

RECORDER LOG

Date: 2-11-76

Beg. #: \_\_\_\_\_

(5) 1:25  
(continued)

End #: \_\_\_\_\_

General Subject: U of A budget &

Present: \_\_\_\_\_

Log #	Description
0008	Behlke - levels of education for Alaska employees
0044	Economic barriers to higher education
0105	Tuition -
0132	Recommendation for elimination of tuition for adult education, jr. colleges, lower div. courses
0178	(Haugen) disagreement with removing tuition for teachers summer school
0211	Hiatt - elimination of tuition for lower division courses.
0233	Tuition for upper divisions
0313	Out of state & resident students (Division questions on paying fees)
0350	(Haugen) tuition - economic deterrent
0390	Argument against using "ability to pay" (Behlke)
0418	Other states experience with eliminating tuition (Haugen question)
0686	Hiatt - general funds courses - community colleges
0723	(Haugen) vocational education is lacking

Tape #: H76-19

RECORDER LOG

Date: 2-11-76

Beg. #: \_\_\_\_\_

(6) 1:25

End #: \_\_\_\_\_

General Subject: U of a budget

Present: \_\_\_\_\_

Log #	Description
0773	(Malone) Industrial vocational programs. Request for list of schools and courses
0806	<del>the</del> CETA funds
0845	Federal money being pulled out.
0860	No way to deal with CETA
0874	(Atta) need for CETA funds for expansion of vocational programs
0903	Bihlke - people who can pay should, but if more people have access to education, they'll be better off.
0956	(Malone) what would dollars be if tuition fees removed. (\$2-3 million)
1006	recess 3:25

Steve

— Here's some  
documentation  
on the statement  
by Hiatt — The  
rest should be  
on the tape — which  
I'm getting from  
the library — I know  
damn well that they  
told us they wanted  
run a parallel system.  
—H

2-11-76  
1125 p.m.  
Tape H76-1849

STATUS REPORT  
University of Alaska  
Management Contracts With  
Systems & Computer Technology Corporation  
February 12, 1976

A. Facilities Management

1. Organization (handout)
  - Improved quality of staff
  - Brought to full strength
  - Expanded to support statewide network
2. Functional Areas
  - a) Administrative Systems
    - Conversion effort to be complete March 31
    - Maintenance on existing systems
  - b) Operations
    - Data Entry
      - Increased staff to handle workload
      - Installing key-disk hardware
      - Documented data entry work
    - Data Control
      - Implemented production scheduling
      - Improved job book documentation
    - Operations
      - Operating two facilities
      - Increasing physical security
    - Other
      - Implementing tape library procedures
      - Writing Honeywell billing system
      - Developing standards manual
  - c) Academic Services
    - Increasing level of user services
    - Implementing software packages
    - Providing user training and documentation
  - d) Computer Network (handout)
    - State (central) site installed & operational
    - Fairbanks node operational
    - West Ridge node installed & operational
    - Anchorage node installed & operational
    - Juneau node to be operational July 1976
3. Additional Comments
  - Development of four year master plan
  - Additional support to Anchorage ADP staff

B. Financial Systems

1. Systems Design Specifications

- General Ledger Module - complete; final document delivered
- Payroll Module - complete; final document delivered
- Budget Preparation Module - complete; final document being printed
- Purchasing and Payment Module - complete; final document being printed
- Revenue Module - complete; final document being printed

2. Implementation

- a) General Ledger Module
  - the new financial nucleus of the system, including program and cost accounting to be operational by July 1, 1976
- b) Payroll Module
  - initial conversion of payroll master file accomplished 12/15/75 - 12/20/75 in Portland
  - final conversion of payroll master file accomplished 1/19/76 - 1/30/76
  - training of users began 1/12/76 and formal training sessions completed 1/27/76. informal training is on-going process
  - first bi-weekly time sheets produced 1/26/76
  - first monthly time sheets produced 1/30/76
  - systems tables produced and transaction input edit and validation programs tested 1/19/76 - 1/30/76
  - process file maintenance corrections and system table updates 1/26/76 - 2/14/76
  - run system test dummy monthly payroll 2/14/76
  - run system test dummy bi-weekly payroll 2/16/76
  - - run parallel monthly payroll 2/17/76
  - - run parallel bi-weekly payroll 2/19/76
  - run actual monthly payroll 2/22/76
  - run actual bi-weekly payroll 2/24/76
- c) Payroll Module/Position Control
  - to be implemented April 1, 1976
- d) Payroll Module/Distribution
  - to be interfaced with new general ledger July 1, 1976
- e) Budget Preparation Module
  - to be operational April 1, 1976
- f) Purchasing and Payment Module
  - to be operational July 1, 1976
- g) Revenue Module
  - to be operational after July 1, 1976

Tape #: H76-19

## RECORDER LOG

Date: 2-11-76

Beg. #: \_\_\_\_\_

4:10

End #: \_\_\_\_\_

General Subject: U of A budget

Present: \_\_\_\_\_

Log #	Description
1263	<u>Khatt - athletic programs - plans for development</u>
1324	<u>money <del>is</del> needed for athletic development</u>
<del>1378</del> 1363	<u>Requirements to meet Collective Bargaining agreement - no staff for monitoring contracts</u>
1407	<u>Requests for 2 positions - collective bargaining</u>
1430	<u>Inst. Studies &amp; Budget Development</u>
1449	<u>Encouragement of research by faculty</u>
1461	<u>Increase quality of instructors</u>
1484	<u>Science bldg - U of A - Anchorage</u>
1494	<u>Johnson's move of some programs to outlying areas</u>
1510	<u>Addition of person in fisheries - Johnson</u>
1535	<u>Alaska native language center</u>
1543	<u>Support services - student recruitment</u>
1566	<u>(Atta) question - recruited from where</u>
1578	<u>Library &amp; audio visual needs - archives</u>
1592	<u>still bldg Anchorage library</u>
1599	<u>AMU pulled out 3 library positions</u>
1610	<u>Restricted funds</u>

Tape #: H76-19

RECORDER LOG

Date: 2-11-76

Beg. #: 1007

4:10 - 5:20

End #: 2288

General Subject: U of A budget

Present: Reps. Malone, Atta, Guy Hange, Duncan, Cowper, Shering,  
Dr. Hiatt, Pres., U of A; Dave

Scott:

Log #	Description
1007	meeting reconvened at 4:10
1026	Dr. Hiatt - total maintenance request
1048	Governor's budget is less (1.3 million)
1062	tuitions to be raised
1069	Workload figure
1085	Governor's budget suggests absorption of workload increase
1117	Gov's budget suggested prioritization
1127	Gov's budget \$10 million below regents request
	\$ 95.3 m
	- 1.3 gov cut
	94.0
	1.0 fee incr
	93.0 maintenance
	= 88.0 current services
	5.0
	- 1.0 FTE absorption
	4.0 \$2.5 m Regents contingency
	\$ 6.0 m change request
1223	Suggested reduction from 10 to 2.5 million
1242	Priority list for change items (attached)

Tape #: H76-19

RECORDER LOG

Date: 2-11-76

Beg. #: \_\_\_\_\_

4:10

End #: \_\_\_\_\_

General Subject: U of A budget

Present:

Log #	Description
1642	<del>Hiatt</del> Board of Regts salary request
1650	HB661
1657	Increase in base salaries -
1678	Professional staff - non-bargaining unit
1693	Area cost of living differential
<del>1704</del>	<del>Hiatt</del>
1707	Collective bargaining units -
1718	petitioning
1740	NFA organization of senior college people
1746	Ashorage classified staff
1753	Reports policy on collective bargaining
1779	Minimum collective bargaining request will equal Board of Regts request
1792	Necessity to show intent to reach goals
1801	(Haugen) time frame question - what about petitioning.
1825	HB 661
1856	Board of Regts request vs. collective bargaining
1873	(Guening) Do you want us to expedite Regts request. Would governor support.
1895	Regts want them to reach parity.

Tape #: H 76 - 19

RECORDER LOG

Date: 2-11-76

Beg. #: \_\_\_\_\_

4:10

End #: \_\_\_\_\_

General Subject: U of A budget

Present:

Log #	Description
1916	4.2 million is FY 76 figure
1933	(Malone) how much would increase be if projected to FY 77.
	press 5:00 to discuss HB 569
2068	mtg. reconvened 5:10
2076	Dave Scott
2170	Hiatt - collective bargaining groups want be operational for some time
2190	Judy - Governor's recommended budget figure and rationale behind it
2220	maintenance budget plus lump sum for cost of facilities and another sum with which to prioritize growth needs.
2245	Hiatt - tomorrow - presentation and opportunity for people to question Regents. 3pm.
2288	meeting adjourned at 5:20

UNIVERSITY OF ALASKA  
FY 77 BUDGET REQUEST  
CHANGE REQUEST PRIORITIES - STATEWIDE BASIS  
(NEW GENERAL FUNDS AND OTHERS)

The University of Alaska Change Request for FY 77 has been prioritized on the basis of six categories ranging from highest to lowest and each item within each category on the same basis as follows:

I. REQUIREMENTS IMPOSED ON THE UNIVERSITY BY STATE & FEDERAL LEGISLATION

A. UAA, Mat-Su: Secretary to meet Collective Bargaining Agreement	\$ 16.7-(pg.29)		
UASE, Ketchikan: Secretary to meet Collective Bargaining Agreement	16.7-(pg.36)		
UASE, Sitka	8.4-(pg.37)		
B. Statewide, Administration & Inst. Support: Collective Bargaining Staff	52.7-(pg.1)		
C. UAF, Institutional Support: Added Affirmative Action & Personnel Program Staff	37.3-(pg.16)		
		GROUP TOTAL	CUMULATIVE TOTAL
		131.8	131.8

II. REQUIREMENTS FOR IMPLEMENTATION OF BOARD OF REGENTS POLICY

A. Statewide Administration & Inst. Support: Faculty Assembly Program	\$ 41.7-(pg.1)		
B. UAF, Intercol. Athletics: Athletic Program Development as approved by Board of Regents	110.0-(pg.15)		
UAA, Intercol. Athletics: Athletic Program Development as approved by Board of Regents	116.7-(pg.25)		
C. Statewide, Regents & Administration: Regents Office Staffing	\$150.0-(pg.1)		
D. Statewide Regents & Administration: Adm. Apt. Anchorage	15.0-(pg.1)		
		GROUP TOTAL	CUMULATIVE TOTAL
		433.4	565.2

III. NEW PROGRAMS RECOMMENDED BY ADP FOR IMMEDIATE DEVELOPMENT

<del>A. REA, Area Centers: Area Centers and Central Support Development</del>	<del>2,000.0-(pg.5)</del>		
B. REA, Kodiak Inst.: New Allied Health Occupation Program (29.0 GF) (2.9 Fees)	29.0-(pg.2)		
C. UASE, Com. Ctr. & P.S.: Implement Forestry Technology Programming (67.4 CF) (2.7 Fees)	67.4-(pg.35)		
		GROUP TOTAL	CUMULATIVE TOTAL
		2,096.4	2,661.6

(pg.)-Refers to page number in Budget Request Analysis-FY 77, Presentation of Change Items.

UNIVERSITY OF ALASKA  
 FY 77 BUDGET REQUEST  
 CHANGE REQUEST PRIORITIES - STATEWIDE BASIS

IV. EXPANSION OR IMPROVEMENT OF PRESENT PROGRAMS RECOMMENDED FOR IMPLEMENTATION BY ADP INCLUDING INSTRUCTION, RESEARCH PROGRAMS, PERSONNEL AND SUPPORT; IMPROVEMENTS IN FULL TIME FACULTY RATIOS AND MORE APPROPRIATE STUDENT FACULTY LOADS

A. Improvement of Statewide Services

1. Statewide, Regents & Admin.: President's Reserve Fund	\$200.0-(pg.1)
2. Statewide, Admin. & Inst. Support: Inst. Studies & Budget Development	61.5-(pg.1)
3. Statewide, University Relations Assistant Director	48.4-(pg.1)
SUB-GROUP TOTAL	309.9

B. Improvement by Change in Full Time Staffing Ratios & Student Faculty Loads

1. UAA, Sr. College: Added Faculty with emphasis in Science & Engineering	282.3-(pg.21)
2. UASE, Sr. College: Change in Full-time Faculty, Cr. Hrs. per Faculty & Support; Emphasis on Fisheries & Management Sciences	178.9-(pg.31)
3. UAF, TVCC Inst.: Change in Full-time Faculty, Cr. Hrs. per Faculty & Support	(93.0-GF) 93.0-(pg.13) ( 7.0-Fees)
4. UASE, JDCC Inst.: Change in Full-time Faculty, Cr. Hrs. per Faculty & Support	63.9-(pg.32)
5. UAA, ACC Inst.: Change in Cr. Hrs. per Faculty & Support	(106.4-GF) 106.4-(pg.23) ( 10.0-Fees)
6. UAA, Mat-Su: Change in Full-time Fac.	97.1-(pg.29)
SUB-GROUP TOTAL	821.6

C. Enhancement of Current Instruction & Faculty Research Programs

1. Statewide, Admin. & Inst. Support: Faculty Research Programs	150.0-(pg.1)
2. UAF, Div. of Prof. Schools: Mining Engineering Equipment	15.0-(pg.11)
3. UAF, Div. of Prof. Schools: Upgrad Undergrad. Engineering Labs	110.0-(pg.11)
4. UAF, Div. of Prof. Schools: Match Federal Funds for Forestry & Land Use Planning	41.6-(pg.11)
UAF, Div. of Prof. Schools: Part-time staffing for Agri. & Land Use Programs	14.1-(pg.11)
UAF, Col. of Envir. Sciences: Senior Faculty Position in Anthropology	40.0-(pg.11)
REA, Ext. Center: Addition of 1/2 to make full-time Valdez Coordinator	20.0-(pg.5)
UAF, Div. of Prof. Schools: Intra State Travel for Engineering Faculty	10.0-(pg.11)
UAF, Div. of Prof. Schools: Petroleum Engineering Program	29.7-(pg.11)
UASE, Sitka Inst.: Coordinator for Voc-Tech. Programs & Support	30.6-(pg.37)
1. REA, Kenai Inst.: New Position in Petrochemical Technology	28.1-(pg.3)

UNIVERSITY OF ALASKA  
 FY 77 BUDGET REQUEST  
 CHANGE REQUEST PRIORITIES - STATEWIDE BASIS

11. UAF, Div. of Prof. Schools: Intra State Education Program Exchange	4.5-(pg.11)
12. UAF, Div. of Prof. Schools: New Faculty for Geological Engineering Prog.	29.6-(pg.11)
13. UAF, Div. of Prof. Schools: Development of Cold Climate Arch. Upgrade Program	36.7-(pg.11)
14. UASE, Institutional Support Childhood Development Program	63.0-(pg.35)
SUB-GROUP TOTAL	622.9

D. Enhancement of Current Public & Community Service Programs

1. UASE, Com. Center & Public Ser.: Catalog and Program Brochure	17.5-(pg.35)
UASE, J-D CC Adult Learn. Center: Increase Level of Com. Ser. Program	22.3-(pg.33)
UASE, Com. Center & Public Ser.: Expansion of Rural Com. Programs-Juneau, Wrangel Petersburg & Haines (164.2 GF) ( 10.8 Fees)	164.2-(pg.35)
2. UAF, Div. of Prof. Schools: Addition to Mining Extension Program	22.8-(pg.11)
3. REA, Coop. Extension: Home Economist for S/E	36.7-(pg.5)
Local Gov't Education, Fbks.	34.6-(pg.5)
Horticulture Specialist, Anch.	14.4-(pg.5)
Marine Advisory Agent, Ancn.	35.4-(pg.5)
Media Specialist	29.3-(pg.5)
Clerical Support	23.7-(pg.5)
SUB-GROUP TOTAL	400.9

E. Enhancement of Current Organized Research Programs

1. OR, Alaska Nat. Lang. Center: Expansion of Programs to include additional languages	103.8-(pg.10)
2. OR, IMS: Fisheries Oceanography, Fbks.	52.0-(pg.8)
3. OR, IAS: Animal Nutritionist for Palmer	33.2-(pg.8)
4. OR, MRL: Expansion Mining Programs in Coal, Petroleum and other minerals; Permafrost Tunnel.	112.2-(pg.9)
5. OR, Arctic Envir. Infor. & Data Center: New position	28.0-(pg.9)
Dissemination of Info.	37.1-(pg.9)
6. OR, IAB, Tundra Biome Center: Matching Funds for Expansion Program	35.1-(pg.9)
7. OR, IMS, Seward: Experimental Biology New Program in Oceanography	60.0-(pg.8)
SUB-GROUP TOTAL	461.4

F. New Program Development

1. UASE, Ketchikan Inst.: New Maritime Voc. Tech. Program & Coordinator (45.1-GF) ( 2.9-Fees)	45.1-(pg.38)
2. UASE, Sitka Inst.: Implement LPN Program (29.9-GF) ( 9.0-Fees)	29.9-(pg.37)
3. OR, WAMI: New Programs in Dentistry & Vet. Medicine	50.0-(pg.10)
4. OR, IAS: New Horticulture Program in Southcentral	55.5-(pg.8)
5. UAA, Criminal Justice: New Juvenile Justice Program (\$100.0 from Federal; \$10.0 new funds)	10.0-(pg.24)
SUB-GROUP TOTAL	190.5

GROUP TOTAL	CUMULATIVE TOTAL
2,807.2	5,468.8

UNIVERSITY OF ALASKA  
 FY 77 BUDGET REQUEST  
 CHANGE REQUEST PRIORITIES - STATEWIDE BASIS

V. PROGRESS TOWARD APPROPRIATE SUPPORT SERVICES

A. Statewide Services

- |   |              |
|---|--------------|
| 1. Statewide, Computer Center: Node<br>Operations for completion of Phase I-<br>West Ridge, Anchorage, Juneau | 363.6-(pg.1) |
| 2. Statewide, Admin. & Inst. Support:<br>Internal Auditor, Anch.  | 39.1-(pg.1)  |
| SUB-GROUP TOTAL   | 402.7        |

B. Enhancement of Current Programs

- |  |               |
|--|---------------|
| 1. UAF, TVCC Inst.: Asst. Director for<br>Inst. Programs                         | 51.1-(pg.13)  |
| 2. UASE, Library & Media: Add. Reader<br>Services Librarian                      | 17.3-(pg.33)  |
| 3. UAA, Library & Media:<br>Books & Staff  | 150.0-(pg.24) |
|  | 122.7-(pg.24) |
| 4. UAF, Library & Media: Additional<br>Periodical, Archival Collection<br>& Care | 77.0-(pg.14)  |
| 5. REA, Kuskokwim Library: Library<br>Development                                | 12.9-(pg.4)   |
| 6. UAF, Div. of Prof. Schools: Maintenance<br>Contracts on Equipment, etc.       | 4.2-(pg.11)   |
| 7. UAF, College Envir. Sc.: Field Equip.<br>for all Programs                     | 3.9-(pg.11)   |
| 8. UAF, Div. of Prof. Schools: Curriculum<br>Resource Center-Education           | 5.0-(pg.11)   |
| 9. OR, IAS: Operation of Kodiak Ranch  | 75.2-(pg.8)   |
| 10. UAF, Div. of Prof. Schools. Mineral<br>Industries Advisory Com.              | 4.5-(pg.11)   |
| SUB-GROUP TOTAL  | 523.8         |

C. Improve Student Services

- |   |               |
|---|---------------|
| 1. UAF, Inst. Support, Admin. & Registrar:<br>Expansion & Development of Student<br>Recruitment-Staff, Equip. & Mat.  | 76.0-(pg.17)  |
| 2. UASE, Student Services: Add Student<br>Activities Coordinator & Support  | 41.5-(pg.34)  |
| 3. UAA, Student Services: Establish Place-<br>ment Office, Student Activities<br>Office, new Student Activity<br>Center Office for new building,<br>Financial Aids Program Administrative<br>Support & Other Services | 106.8-(pg.25) |
| 4. UAA, Admin. & Records: Optical Scanner<br>System for Registration & Computer   | 11.0-(pg.26)  |
| SUB-GROUP TOTAL   | 235.3         |

D. Improve Administrative Support

- |   |               |
|---|---------------|
| 1. UAA, Performing Arts Center:<br>Staffing of Perf. Arts Ctr.<br>Box Office Alteration (87.7-GF)<br>( 6.5-PR)<br>( 1.0-Fees) | 87.7-(pg.24)  |
| 2. UAA, Mat-Su, Admin.: Added Staff<br>for Business, Personnel &<br>Budgetary Programs  | 18.7-(pg.29)  |
| 3. UAA, Admin. Services: Improve level<br>of Accounting, Personnel &<br>Accountability Services                               | 105.4-(pg.26) |
| 4. REA, Kuskokwim CC, Admin.: Additional<br>Support - Clerical  | 30.5-(pg.4)   |
| 5. REA, Kodiak CC, Admin.: Additional<br>Admin. Support   | 14.8-(pg.2)   |
| 6. UAA, ASC-Secretarial Support   | 13.8-(pg.)    |
| SUB-GROUP TOTAL   | 270.9         |

UNIVERSITY OF ALASKA  
 FY 77 BUDGET REQUEST  
 CHANGE REQUEST PRIORITIES - STATEWIDE BASIS

V. E. Improve Physical Plant Services

1. UAA, Inst. Support, Phy. Plant: Increase Maintenance Staff & Materials	112.5-(pg.26)		
2. REA, Kuskokwim CC, Phy. Plant: Improve Plant Maintenance Services	10.0-(pg.4)		
3. UAF, Inst. Support, Safety & Security: Added Fire Personnel & Surveillance	28.5-(pg.16)		
4. UAF, Inst. Support, Phy. Plant: New Ash Haul Truck	<u>10.0-(pg.16)</u>		
SUB-GROUP TOTAL	161.0		
		GROUP TOTAL	CUMULATIVE TOTAL
		1,593.7	7,062.5

VI. PROGRAMS PHASED INTO STATE FUNDS WHICH WERE INITIATED BY RESTRICTED FUNDS

A. REA, Kuskokwim CC, Inst.: Additional Faculty & Clerical Support	405.1-(pg.4)		
B. UAA, Student Services: Shift Alaska State Higher Education Services to Gen. Funds	18.1-(pg.25)		
C. REA, Kenai CC, Inst.: Shift one position for Waste Water Program to Gen. Funds because loss of Restricted Funds	35.4-(pg.3)		
D. Statewide, Admn. & Inst. Support: Staffing for Constr. & Planning from Capital Projects to General Fund	120.9-(pg.1)		
E. OR, WAMI: Pick up Part-time Pathologis Previously Provided by Univ. of Washington	13.5-(pg.10)		
F. OR, ISEGR: Transportation Program Study to Replace Restricted Funds	53.0-(pg.8)		
G. OR, ISEGR: Man in Arctic Program to Replace Restricted Funds	<u>44.5-(pg.8)</u>		
SUB-GROUP TOTAL	690.5		
		GROUP TOTAL	CUMULATIVE TOTAL
		690.5	7,753.0

VII. AUXILIARIES REQUIRING ADDED GENERAL FUND SUPPORT

A. UAA, Student Center Income	(20.0-GF) (20.0-PR)	20.0-(pg.28)	
B. UAA, Bookstore		20.0-(pg.28)	
C. UAF, Graphics		66.7-(pg.20)	
D. UASE Bookstore		15.0-(pg.36)	
		GROUP TOTAL	CUMULATIVE TOTAL
		121.7	7,874.7

GENERAL FUNDS

UNIVERSITY OF ALASKA  
 FY 77 BUDGET REQUEST  
 CHANGE REQUEST PRIORITIES - STATEWIDE BASIS

OTHER FUNDS INCLUDED IN CHANGE REQUEST

REA, Kodiak Inst. New Allied Health Occupation Program - Fees	2.9 (III. B.)	(pg. 2)
UAF, TVCC Inst. - Change in Full-time Faculty. Credit Hrs. per Faculty & Support - Fees	7.0 (IV. B. 3)	(pg. 13)
UAA, Performing Arts Center Staffing of Center, Box Office Alterations - Fees, Program Receipts	7.5 (D. 1)	(pg. 24)
UAA, Criminal Justice - New Juvenile Justice Program - Federal	100.0 (IV. F. 5)	(pg. 24)
UAA, ACC Inst. - Change in Credit Hrs. per Faculty & Support - Fees	10.0 (IV. B. 5)	(pg. 23)
UAA, Student Center - Program Receipts	20.0 (VII. A.)	(pg. 28)
UASE, Comm-Cntr. & Pub. Ser. - Implement Forestry Program - Fees	2.7 (III. C.)	(pg. 35)
UASE, Comm. Cntr. & Pub. Ser. - Expansion of Rural Comm. Programs - Fees	10.8 (IV. D. 1)	(pg. 35)
UASE, Sitka Inst. - Implement LPN Program - Fees	9.0 (IV. F. 2)	(pg. 37)
UASE, Ketchikan Inst. - New Maritime Voc. Tech. Program - Fees	2.9 (IV. F. 1)	(pg. 38)
REA, Auxiliary Services Kuskokwim Program Receipts	2.0	(pg. 7)

TOTAL, OTHER FUNDS

174.8

TOTAL CHANGE

8,049.5

HOUSE FINANCE COMMITTEE  
Wednesday, February 11, 1976  
5 p.m.

All members were present except Reps. Buchholdt, Naughton, and Guy. Rep. Bill Parker was also present.

PRESENT

The meeting was called to order to discuss HB 569. Chairman Malone introduced Rep. Parker, prime sponsor of the bill, and asked him for comment.

HB 569

Rep. Parker said that many state employees felt that paying FICA out of their check was excess baggage. The current statute assumes that any government employee will be paying it. A statutory change is necessary to change that requirement. This bill gives public employees the choice of being under social security plus Public Employee Retirement System or just PERS.

PERS OR  
SOCIAL SECURITY

Rep. Duncan said there was a petition last year signed by employees requesting a study on PERS and social security. Why is this bill coming along now. Rep. Parker said it applied to municipal employees.

PETITION

Rep. Cowper said that in order for the state to opt out of the social security system, there must be a request to get out of the system two years before the effective date. That letter was sent December 1. The state can rescind that letter, but the two-year period is started rolling. In the meantime the study is started to see if it would be advantageous. If it is, the only legislation required is a change in 39.30 which applies to state employees.

STATUTORY  
CHANGE

Chairman Malone said this would really only drop the requirement that coverage be provided. He then asked the wishes of the committee.

Rep. Gruening moved and asked unanimous consent that HB 569 be reported out of committee. There were no objections, so the motion was adopted. The committee report was circulated with all members signing "do pass" recommendation. So, HB 569 was reported out with a "do pass" recommendation.

"DO PASS"  
RECOMMENDATION

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Tape H76-19  
Beg. 1975  
End 2068

HOUSE FINANCE COMMITTEE  
Thursday, February 12, 1976  
9:05 a.m.

All members were present except Reps. Itta, Naughton, and Guy. PRESENT

The meeting was called to order to discuss SB 607. SB 607

Rep. Cowper moved and asked unanimous consent that SB 607 be reported out.

Chairman Malone said the bill just lets the finance division get the budget information earlier. Jay Hogan is in favor of this bill. In a change of administration they would need more time to prepare the budget workbooks.

Rep. Haugen said the extra time was needed. He questioned the mention of "confidentiality". Chairman Malone agreed saying that before the budget was presented anyone that's interested could find out what they wanted to know. It's a courtesy to the administration to say that its confidential. CONFIDENTIALIT

Chairman Malone told Rep. Haugen that the words "on a confidential basis" could be stricken. Rep. Haugen said he didn't want to do that.

Chairman Malone asked if there was objection to Rep. Cowper's motion. There was none, so the motion was adopted. The committee report was circulated and all members present signed "do pass" recommendation. So, SB 607 was reported out with a "do pass" recommendation. DO PASS RECOMMENDATION

Jay Hogan, Director of Legislative Finance, joined the meeting at 9:15.

Rep. Haugen said there wasn't any secret what the budget figure would be this year. It was known three weeks before legislature convened. Mr. Hogan said that two weeks were required to prepare the budget workbooks.

Chairman Malone moved to the next item on the agenda, SB 578, which is a bill relating to fiscal notes. The committee discussed problems related to the lack of fiscal notes with some bills. SB 578

Chairman Malone suggested that the language in the bill be revised. The committee suggested various ways of doing this. Mr. Hogan suggested that there be a specified time period within which a fiscal note be attached to the bill. Rep. Gruening asked about keying the responsibility for the note to the committee of first referral. Mr. Hogan explained that that had been tried unsuccessfully five years ago. FISCAL NOTES

Mr. Hogan said that many problems were caused by lack of fiscal notes. The only way to be sure that they are attached to the bill is to make it part of the law.

Chairman Malone said there was no way to solve all the problems of how people want to operate, but if there was an automatic system for generation of the fiscal notes it would solve much of the problem.

Rep. Haugen said that in both Washington and Oregon whenever they introduce a bill one of the requirements is a fiscal note if it has a financial impact to the state. The committee of first referral doesn't touch the bill until it has a fiscal note.

Chairman Malone said last year he had sent a note to the other committees saying no fiscal note, no bill. It worked for a while.

Rep. Gruening asked if the suggestion five years ago was written into the law. Mr. Hogan said it was. Fiscal notes should travel with the bill. It is crucial that they be moved from house to house.

Rep. Haugen said the logical spot for the fiscal note to start was right in the beginning. Mr. Hogan agreed saying that it would seem to him that it would be important for all committees to know approximately how much a bill would cost. Rep. Haugen said it was also important to know where the money is to come from.

Mr. Hogan handed out a work draft of a proposed committee substitute for the bill. The committee discussed ways for the fiscal note to be generated. Mr. Hogan said there was an existing vehicle in the sheets that accompany a bill draft. They have a place for department or departments affected. All that would be required is that someone in the chief clerk's or senate secretary's office could send a request to the department as part of the instructions. PROPOSED CS

The committee discussed at some length alternative language for the bill which would accomplish their needs. Chairman Malone asked Mr. Hogan to rework the bill and bring a draft back to the committee.

CS REWORK

-----  
Tape H76-19  
Beg. 2234  
End 3058



HOUSE FINANCE COMMITTEE  
Thursday, February 12, 1976  
1:40 p.m.

Rep. Malone, Duncan, Naughton, Haugen, and Cowper were present.

PRESENT

The meeting was called to order to discuss SB 541. Chairman Malone explained the correspondence included in the bill file.

SB 541

Rep. Haugen moved that SB 541 be reported out. Chairman Malone asked for discussion.

Rep. Cowper asked if this wasn't ordinarily under the budget. Why is this being done with a bill. Chairman Malone explained that this spanned two years. It's money that should have been appropriated and wasn't. The total payroll was underestimated.

Chairman Malone said there wasn't any way out of making the appropriation unless the decision was made not to fund the retirement system. That could be done in an emergency, but as a matter of practice it's a bad practice.

Chairman Malone asked if there was objection to the motion. There was none, so it was adopted. The committee report was circulated and all members signed "do pass". So, SB 541 was reported out with a "do pass" recommendation.

DO PASS  
RECOMMENDATION

Moving to another subject, Chairman Malone recommended that the committee take a look at the policy for outside hiring. He said he had appointed Rep. Itta to review it. Rep. Haugen said he was concerned that Fish and Game could send Alaskan people to school if they wanted to, but they chose to hire outsiders.

OUTSIDE  
HIRING

Rep. Buchholdt joined the meeting at 1:45.

Chairman Malone said he shared Rep. Haugen's concern. We should encourage development of Alaskans to fill the professions.

Chairman Malone said he wanted the committee to review some of the material on outside hiring. It comes down to perhaps revisions in the statutes requiring that the policy be uniform. It is the tax money of the people here that's being spent and they should have the opportunity to get the better jobs.

The meeting was adjourned at 1:50 p.m.

-----  
Tape H76-20  
Beg. 0242  
End 0574

Tape #: H 76-20

RECORDER LOG

Date: 2-12-76

Beg. #: 0580

3:05

End #: 1569

General Subject: Bellingham Port Authority + Marine Hwy's.

Present: Reps. Malone, Buchholdt, Duncan Haugen, Cooper  
Sen Ray, Tom Ellen and Mr. Gillespie,  
Bellingham Port Authority

Log #	Description
0580	Begin discussion on Bellingham facility
0620	Sen Ray -
0643	<del>Ellen</del> - Plans for terminal, park, restaurant,
0724	Ray -
<del>0740</del>	
0763	Ellen - Bunkering facilities at terminal
0776	Malone - Commitment necessary (\$)
0782	Gillespie - Lease from Bellingham to Alaska
0796	Terms of lease
0814	Geographic advantage of Bellingham facility - nautical mileage
0835	Hwy mileage
0840	Rail connections
0855	Ray - question - # of jobs supported by terminal
0870	Ellen - answer
0884	Ray - quoted newspaper article
0897	Ellen - directions are taken from Hudson only
0918	Ray - news article
0926	Gillespie - article stems from informal discussion

Tape #: H76-20

RECORDER LOG

Date: 2-12-76

Beg. #: 0580

(2)

End #: 1569

General Subject: Bellingham Port Authority - Marine Hwy.

Present:

Log #	Description
0939	Haugen - This rent new - known in Ketchikan
0955	Glen - press releases confusing
0970	Glen -
0994	Ray - Bellingham Herald article
1008	Malone - commitment
1024	Glen - lease term
1042	Status of lease - (Malone question) - Glen response
1057	Malone - schedule for negotiations
1063	Glen - Hudson's office will answer by 4-1-76
1079	Glen -
1084	Malone - amortization of Bellingham costs in carrying out lease - Glen response
1096	Glen - specifications of Marine Hwy
1113	negotiations
1116	Haugen - \$2 on tickets from Seattle (tariff)
1132	Glen - \$2.25 for first 20,000
1148	Glen - defense of head tax - facility rent
1171	Glen - 10 acres of land - value
1192	Glen - ferry system wants Bellingham to take care of maintenance
1195	Glen - lease

Beg. #: \_\_\_\_\_

End #: \_\_\_\_\_

(3)

General Subject: Bellingham facility - marine things

Present: \_\_\_\_\_

Log #	Description
1207	Buckholdt - plans for 10 acres - Glen response
1233	Duncan - dates of lease - Glen response
1244	Glen - timetable for building
1252	Cowper - limitation of berth - Gillespie response
1275	Glen - well protected dock
1289	Duncan - access to freeway - Glen response
1296	Gillespie - good access
1317	Cowper - exclusive use of berth - Glen response
1331	Glen - distribution of revenue from berth
1338	Cowper - other users of berth - Glen response
1356	Cowper - barge services to Alaska - Glen response
1370	Cowper - pre-fabricated bldgs. where loaded - Glen
1382	Glen - things shipped by barge
1402	Glen - manufactured products
1407	Cowper - facilities for loading pulp - Glen
1417	Glen - reference to Sen. Ray's reading of news article
1432	Cowper - shipowner's contract - Glen response
1455	Haugen - like Seattle operation
1462	Glen - differences from Seattle
1470	Cowper - contracting with loaders and longshoremen

Tape #: H76-20

RECORDER LOG

Date: 2-12-76

Beg. #: \_\_\_\_\_



④

End #: \_\_\_\_\_

General Subject: Bellingham facility - Maine Hwy.

Present: \_\_\_\_\_

Log #	Description
1486	Gillespie - terminal move from Seattle to Bellingham - gain Vancouver - revenue potential
1507	Malone - cost of proposed lease - Glen response - projected revenue, annual lease cost, maintenance <del>###</del>
1561	Hauge - running time - Seattle to <del>###</del> Bellingham <del>###</del>
1569	

Tape #: H76-20

RECORDER LOG

Date: 2-12-76

Beg. #: 1570

4:10

End #: 2823

General Subject: State Bonding

Present: Reps. Duncan, Atter, Hauger, Cowper, Naughton,  
Guening, Burkhardt, Sterling Gallagher; Revenue, Wally  
Filkin, VP, John Nunez & Co, Inc.

Log #	Description
1986	Malone - objectives for setting target figure - state bonded debt - issuance of debt.
1609	Gallagher - official statement
1616	Disclosure
1638	\$40 million question
1646	Malone - how's number related to state's ability to pay - Gallagher response
1688	Gallagher - debt per capita, wealth per capita assessed valuation
1709	Hauger - bonds on issue and bonds on hand
1730	bidders on credit
1741	Filkin - Alaska bonds
1758	issues sold
1768	'71 recommendations
1783	size of bond issues - current year
1799	assessment of state's ability to go to larger amounts
1814	better interest rate with more bids
1829	time between bond sales

Tape #: H 76-20

RECORDER LOG

Date: 2-12-76

4110

Beg. #: \_\_\_\_\_

(2)

End #: \_\_\_\_\_

General Subject: State Bonding

Present:

Log #	Description
1852	Filkin - cautious about Alaska going to brink of possibilities for debt
1880	market response
1916	plight of New York City
1933	Naughton - won't New York's experience strengthen other's case - Filkin response
1957	Filkin - more questions on current issues than ever before
1968	Haugen - bidless shopping
1978	Hallager - official statement
1988	Greening - when bonds authorized
1994	how is decision made on what bonds come up first
2004	Filkin -
2010	Hallager - general fund cash crunch
2025	Greening - example - previous bond issue - how is it determined who gets money
2052	Filkin - of \$40 million, \$15 for U of A
2060	Greening - do investors want to know purpose of funds - Filkin response
2076	Hallager - New York bond issue to build shopping center

Tape #: H 76-20

RECORDER LOG

Date: 2-12-76

Beg. #: \_\_\_\_\_

(3) 4110

End #: \_\_\_\_\_

General Subject: State Bonding

Present: \_\_\_\_\_

Log #	Description
2053	Filkin - Relation of projects to market
2093	Impact of rating by rating agencies
2118	Concern over debt per capita
2140	Rating agencies raised state's rating to A-1
2164	Naughton - effect of publicized organized crime on rating agencies - Filkin response.
2187	Hallager -
2195	Huening - cash flow on prison project - what if all projects need to be funded immediately - Filkin response
2219	Hallager - \$20 million borrowed from state's general fund
2229	Filkin - important consideration - how much of size of pack of ca. be brought out during boomtime.
2244	Hallager - short term revenue note sales - timing
2255	Huening - effect of revenue bonds on amount needed to borrow
2265	Hallager - entry level cash flow

Tape #: H 76-20

RECORDER LOG

Date: 2-12-72

(4)

4:10

Beg. #: \_\_\_\_\_

End #: \_\_\_\_\_

General Subject: State Bonding

Present: \_\_\_\_\_

Log #	Description
2272	Gwering - borrowings from general fund - Gallagher
2283	Haugen - unissued bonds - Gallagher response voting on bonds
2309	Malone - importance of disclosure - what causes people to buy bonds
2320	Falkin - <del>the</del> changes - substantial revenue or expense item between sale date and bond date
2352	Malone - short term borrowing
2370	Gwering - obligations on financial report
2386	Gallagher - bond sale deposits
2405	Gallagher - borrowed for highway project
2415	Borrowing from general fund
2431	Haugen - project <del>manages</del> manager's claims for payment
2443	Jim Rhode - SEC requirements overlapping vs. direct debt
2459	Jim Rhode - Alaska in deficit not mentioned - Falkin response
2490	North slope bonus series
2500	Rhode - revealing need to borrow

Tape #: H76-20

RECORDER LOG

Date: 2-12-72

Beg. #: \_\_\_\_\_

(5)

4:10

End #: \_\_\_\_\_

General Subject: State Bonding

Present:

Log #	Description
2516	Rhodes - effects of Tanger report - Filkin answer
2529	Rhodes - anticipated market response to permanent fund - Gallagher - enhancement of credit
2540	Malone - Alaska bond sales compared to other states - Filkin response
2560	borrowing rates prior year
2571	Gallagher - examples of prior bond issues
2585	Naughton - talk on oil in ground - Filkin
2623	Malone - interest trend in bond market - Gallagher response
2648	Filkin - close to <del>low</del> interest rate limit -
2660	Haugh - increased debt service - Gallagher response
2680	Haugh - state issues on market
2697	bonds vs time certificate vs real estate
2706	Swearing - future issues, selling of bonds - paying cash in future - Gallagher answer
2745	Rhodes - debt service - debt over personal income -
2767	Filkin - cautioned on going heavily into bond market.



State Bonding  
2-12-76



# OFFICIAL STATEMENT

\$40,000,000

## STATE OF ALASKA

1976 BONDS, SERIES A

SALE DATE: February 17, 1976

# STATE OF ALASKA

JAY S. HAMMOND, *Governor*  
LOWELL THOMAS, JR., *Lieutenant Governor*  
Pouch A, Juneau, Alaska 99811

---

## STATE BOND COMMITTEE

LANGHORNE A. MOTLEY, *Chairman*  
Commissioner of Commerce and Economic Development  
Pouch D, Juneau, Alaska 99811

J. STERLING GALLAGHER, *Secretary*  
Commissioner of Revenue  
Pouch S, Juneau, Alaska 99811

ANDREW S. WARWICK, *Member*  
Commissioner of Administration  
Pouch C, Juneau, Alaska 99811

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## BOND COUNSEL

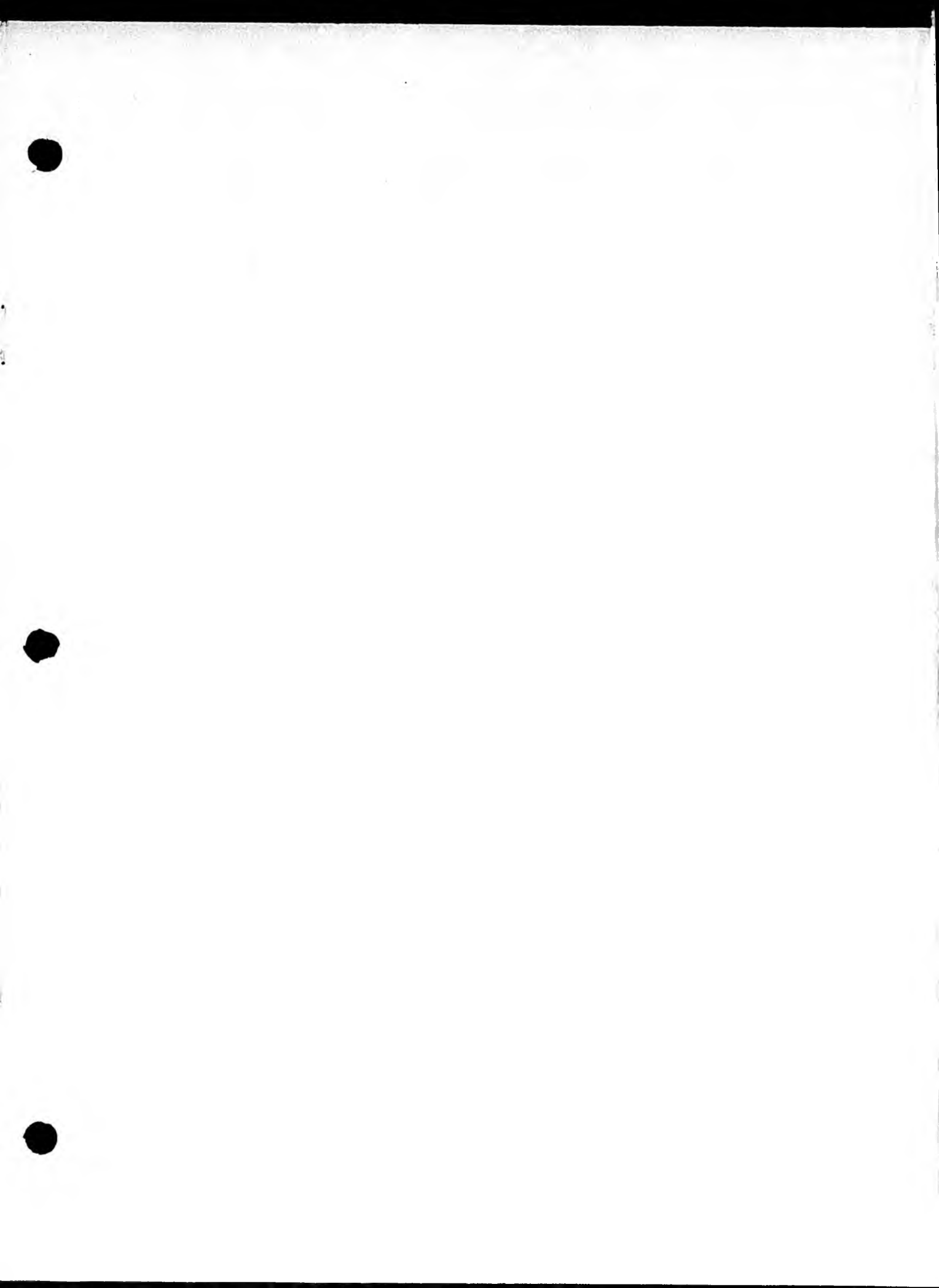
ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE  
600 Montgomery Street, San Francisco, California 94111

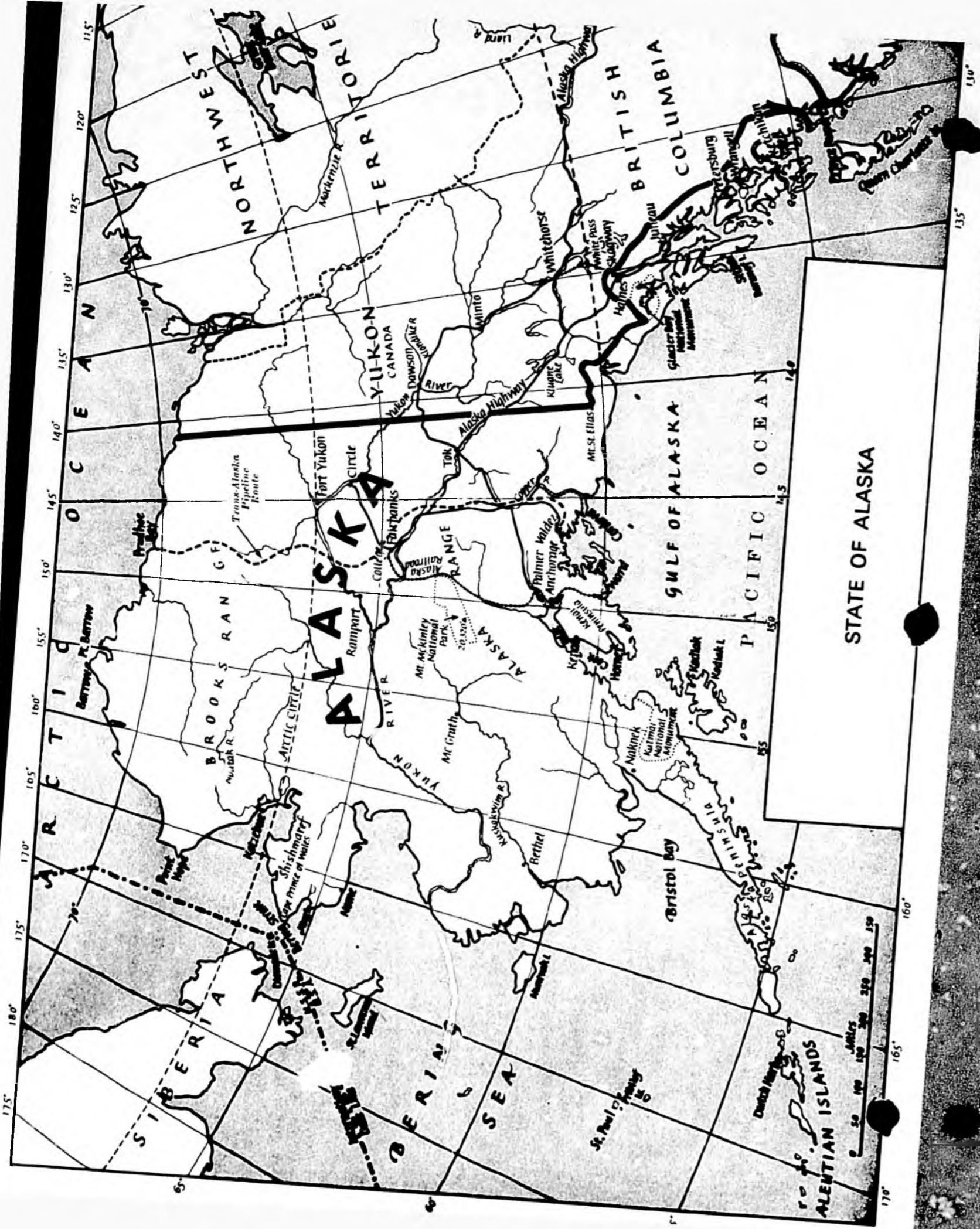
WOHLFORTH & FLINT  
645 G Street, Anchorage, Alaska 99501

## FINANCIAL ADVISOR

JOHN NUVEEN & CO. INCORPORATED  
209 South La Salle Street, Chicago, Illinois 60604

The execution and distribution of this Official Statement have been authorized by the State Bond Committee. The material contained herein was compiled by officers of the State of Alaska with the advice and assistance of John Nuveen & Co. Incorporated, financial advisor to the Committee. So far as possible, all data have been obtained from official sources. Estimates and forecasts are necessarily approximate and subject to change. Detailed financial reports from which summaries contained herein have been taken are on file at the offices of the State. Legal matters incident to the authorization, issuance, and sale of the bonds herein described are subject to the approval of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California and Wohlforth & Flint, Anchorage, Alaska, bond counsel to the Committee.





JAY S. HAMMOND  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 28, 1976

To Prospective Bidders and Investors:

This Official Statement reflects the State of Alaska's economic and financial condition in relation to the current offering of \$40,000,000 in General Obligation Bonds. I personally invite your careful reading and analysis of the information presented.

As the nation moves into its bicentennial year the State of Alaska will begin developing its vast resources in greater quantities. Our concern is that the development take place in a way that continues to add to the long term financial stability of the State.

Oil is scheduled to flow from our North Slope fields beginning in July, 1977 at a daily rate of 600,000 barrels and increase to 1.2 million barrels by November, 1977. This will be followed by construction of a natural gas transmission line--once the routing has been determined. Other resource development projects seem assured as world economics make developing of Alaska's resources more financially attractive.

Thirteen Regional Native Corporations have been formed as a result of the Native Claims Settlement Act with a combined settlement of nearly \$1.0 billion and approximately 40,000,000 acres of land. The initial federal payment of \$209.0 million has been received and is being invested in Alaska's future.

Strong measures have been taken to bring current expenditures into line with current revenues. My fiscal year 1976-77 Budget is a balanced budget when combined with my proposed revenue package, without being dependent on any prior years' surpluses.

If additional information is needed, please contact me, the State Bond Committee, or John Nuveen & Co. Incorporated, financial advisor to the Committee.

Sincerely,

Jay S. Hammond  
Governor



The State Park System includes 66 separate areas, now over 1.15 million acres, which is the largest in the nation.

### GENERAL BUSINESS ACTIVITY

Gross business volume in Alaska has risen steadily since Statehood as shown in the table below. (Business activities of the fishing, mining and alcoholic beverage industries, which are taxed by specific levies, are not included in the totals shown.) The number of business licenses issued by the Department of Revenue, indicative of the over-all increase in the State's economy, has grown from 9,203 in 1959 to 22,957 in 1974. The number of business corporations formed has increased from 3,235 active registrations in 1959 to 10,008 in 1975; their registration fees now represent a moderate source of income to the State. The number of companies permitted to write insurance in Alaska has increased from 303 in 1960 to 697 in 1975. At present there are eleven banks with 107 banking offices, including branches, authorized to conduct business in Alaska.

#### GROSS VOLUME OF BUSINESS BY TYPE OF COMMERCE

	Calendar Years (in \$ millions)				
	1970	1971	1972	1973	1974
Retail Trade .....	\$ 758.2	\$ 769.9	\$ 722.6	\$ 943.5	\$1,229.6
Construction .....	460.5	452.3	551.6	552.2	1,150.4
Transportation, Communica- tions and Utilities .....	508.3	589.0	847.2	714.5	944.1
Wholesale Trade .....	303.8	284.0	410.7	422.3	767.8
Manufacturing .....	153.1	169.3	222.9	215.9	263.8
Miscellaneous .....	192.0	124.7	115.0	201.1	222.3
Finance and Real Estate .....	188.3	191.7	254.5	185.6	243.2
Professional .....	38.1	47.7	70.5	78.9	82.4
Service .....	169.3	172.2	223.7	248.6	659.0
Agriculture and Forestry .....	12.4	13.3	77.8	114.5	73.5
Totals .....	\$2,783.8	\$2,824.9	\$3,496.6	\$3,677.1	\$5,636.1

Employment data by major classification are shown in the following table prepared by the State Department of Labor. The difference between non-agricultural employment and total employment includes self-employed persons, domestics and agricultural workers. Many fishermen and boat owners are in the self-employed category. The State itself employs approximately 33% of the total number shown in the government classification.

#### ALASKA LABOR FORCE SUMMARY

	1967	1968	1969	1970 (1)	1971	1972	1973	1974
Total Civilian Labor Force .....	96,400	100,100	107,900	107,300	115,300	123,000	129,500	148,900
Total Employment .....	88,000	91,000	98,500	98,000	103,200	110,100	115,500	134,000
Government* .....	31,800	32,200	33,300	35,600	38,000	40,500	41,600	43,800
(See Breakdown Below)								
Trade .....	11,800	12,500	14,000	15,300	16,100	17,100	18,300	21,100
Services .....	8,700	9,300	10,500	11,400	12,500	14,000	16,200	18,300
Transportation, Communications and Public Utilities .....	7,500	7,800	8,800	9,100	9,800	10,000	10,400	12,400
Manufacturing .....	6,600	6,900	7,000	7,800	7,800	8,100	9,300	9,600
Contract Construction .....	6,000	6,000	6,700	6,900	7,500	7,900	7,800	14,100
Finance, Insurance and Real Estate .....	2,300	2,500	2,600	3,100	3,300	3,700	4,200	4,900
Mining .....	2,000	2,500	3,500	3,000	2,400	2,100	2,000	3,000
Miscellaneous and Unclassified .....	200	100	200	200	200	800	200	1,000
Total Non-Agricultural Employ- ment .....	76,800	79,800	86,600	92,400	97,600	104,200	110,000	128,200
* Government Breakdown:								
Federal .....	17,400	16,900	16,500	17,100	17,300	17,200	17,200	18,000
State .....	8,100	8,700	9,300	10,400	11,700	13,300	13,700	14,200
Local .....	6,300	6,600	7,500	8,100	9,000	10,000	10,600	11,600

(1) Source for Total Civilian Labor Force and Total Employment changed from payroll records to employee address, eliminating double-counting of persons with two jobs.

Alaska. Over 8,000 civil pilots were licensed in the State in 1975 and aircraft registration was nearly 4,800.

The Anchorage and Fairbanks International Airports are capable of handling all jet aircraft flown commercially today. This fact plus the distance saving offered by polar routes between European capitals and the Orient has resulted in the use of Anchorage International Airport particularly as a service stop for numerous foreign and U. S. international air carriers. In 1975, overall air freight increased 50% to nearly 400 tons. The combined passenger traffic was nearly 40% higher than 1974.

Interstate air service between Seattle and Alaskan cities such as Anchorage, Fairbanks, Juneau, Kodiak, Sitka and Ketchikan, on daily or more frequent schedules, is provided by four carriers. Juneau, 950 air miles from Seattle, can be reached in a little over two hours, Anchorage, 1,450 air miles from Seattle in 3¼ hours and Fairbanks, 1,800 miles away, in 3½ hours.

Intra-Alaska air service between those cities served by interstate carriers and other population centers, and in some cases between the principal cities as well, is provided by nine carriers. Additionally, there are 200 air taxi or contract operators certified by the State.

Railroad transportation in Alaska consists of 470 miles of standard gauge mainline and 55 miles of branch line of the Federally-owned Alaska Railroad. The railbelt it serves, however, contains over half of Alaska's population on its route from Whittier and Seward on the south central coast to interior Fairbanks, and its presence has been important to the development of this area. At Whittier, cars are transferred directly to or from train-ships engaged in Alaska maritime service. The Alaska Railroad hauled almost 45% more tonnage of freight in 1975 than in 1974. In addition, the White Pass and Yukon Railroad extends from Skagway, Alaska to Whitehorse in the Yukon Territory of Canada. A narrow gauge line, it connects with the Alaska State Ferry System for passenger exchange and also transports ore for trans-shipment via water to West Coast and Japanese processors. Port facilities at Skagway have the capacity to move four million tons of ore annually.

Reliance is placed on marine transportation for movement of the great majority of goods to and from Alaska due to the distances involved, the need for low cost shipment of the principal resource commodities exported (timber products, petroleum, minerals and fisheries output) and the availability of many protected sites along the State's coastal areas. While marine transportation is primarily accomplished by private firms the State owns and operates a marine highway system consisting of eight vessels with service extending to Seattle.

Automobile and truck transportation, although limited by the availability of highways and roads, continues to expand in volume of registrations, cargo carried and miles driven. Regularly scheduled bus and motor freight service is provided between Alaska and points in the Pacific Northwest and Midwest via the Alaska-Canada Highway and connecting systems. Motor vehicle registrations since 1968 have more than doubled, from 124,000 to 254,000 in 1975.

## **TOURISM AND RECREATION**

As transportation access has become more convenient and construction of suitable visitor accommodations has increased, more people have come to Alaska to enjoy its hunting, fishing and other natural resources. An estimated 265,000 persons visited Alaska in 1975, spending \$88 million.

Sport fishing and hunting licenses issued by the State have increased each year with residents and visitors alike, from a 1960 total of 79,000 to 173,000 for 1974. The State received \$2.2 million from these licenses in 1974.

There are two national forests, Tongass and Chugach, encompassing 20 million acres, four designated recreation and scenic areas including Portage Glacier and Mendenhall Glacier, one national park (Mt. McKinley) and three national monuments (Glacier Bay, Katmai and Sitka) which cover 6.9 million acres, and 15 national historic landmarks. There are 18 Federal wildlife areas, comprising 19 million acres.

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# HIGHLIGHTS

(All figures rounded to nearest million, unless otherwise stated)

**General  
Obligation  
Bonds  
(P. 5)**

Authorized or assumed from Territorial status: \$638.5 million par value  
 Issued to date (including 1976 Bonds, Series A): \$544.1 million  
 Outstanding as of February 17, 1976 (plus 1976 Bonds, Series A): \$471.3 million

**General  
Fund  
Revenue  
(P. 10)**

Fiscal Year	1971	1972	1973	1974	1975	1976 (E)
(Millions)	\$356	\$376	\$385	\$425	\$589	\$796

(E) Estimated

**Debt Service  
vs.  
General Fund  
Revenue  
(P. 7 & 10)**

Debt service on outstanding general obligation bonds averages approximately \$38 million annually over the next 10 years. Upon sale of the 1976 Bonds, Series A, yearly debt service over the next 10 years will be increased by an average of \$4.4 million (assuming an interest rate of 7%) to approximately \$42.4 million, which is approximately 7.2% of the State's General Fund revenue in 1975.

**Petroleum  
Resources  
and  
Income  
Estimates  
(P. 19 & 22)**

The Alaska Division of Geological and Geophysical Surveys' latest research projections of oil and gas reserves in Alaska (Cook Inlet, North Slope and off-shore areas—see map, inside back cover):

<i>Proven Reserves:</i>	14.84 billion barrels of oil
	33.82 trillion cubic feet of gas
<i>Speculative Resources:</i>	74 billion barrels of oil
	424 trillion cubic feet of gas

State estimates of income from production royalties and severance taxes, based on *proven reserves* only, completion of the Trans-Alaska crude oil pipeline in mid-1977, and various other assumptions such as wellhead value and rate of production:

1976	..... \$ 69.6 million	1979	..... \$1,123.7 million
1977	..... 80.8 million	1980	..... 1,305.1 million
1978	..... 499.6 million		

**Property  
Valuation and  
Taxation  
(P. 17)**

January 1, 1974 figures for taxable real and personal property in incorporated areas of the State, as reported by the State Assessor's Office, are:

Assessed valuation	..... \$4,462,231,425
Estimated actual value	..... \$4,823,100,612

**State  
Taxes On  
Petroleum  
Facilities  
and Reserves  
(P. 8 & 22)**

The Legislature has authority to levy ad valorem taxes for State purposes, including debt repayment. In 1973 it enacted the first State property tax, a 20 mill levy, effective April 1, 1974 on exploration, production, and transportation facilities of the oil and gas industry.

In addition, in 1975 a tax on oil and gas reserves was enacted for FY 1976 and 1977, setting a 20 mill rate for 1976, which is expected to generate income to the State of \$212 million for the year. The terms of the reserves tax legislation provide that a credit equal to the reserves taxes paid accrue against severance taxes payable in the future.

International, Inc. and a subsequent law suit in 1970 by the Sierra Club and the Sitka Conservation Society contesting the legality of the contract and compliance with the Federal Multiple-Use Sustained Yield Act of 1960 and the Organic Act of 1897.

### **MINERALS**

Besides its huge proven and speculative reserves of oil and gas, Alaska has major potential for solid fuels, nonfuel minerals, and geothermal power.

Recoverable coal reserves are estimated to contain over 12 billion tons in four areas that are either accessible to the State's only rail system or are close to ocean shipping points. All of the coal produced (600 to 700 thousand tons per year) is used in Alaska for power generation. Since Alaskan coals have low sulphur content, promising research efforts are aimed at reducing ash and moisture content of the readily accessible coals to produce a satisfactory product for export.

At least 120 billion tons of coal exist in Northwestern Alaska. Although much of that coal is a low sulphur high BTU coal suitable for blending to produce coking coal (80 percent Arctic coal, 20 percent Utah coking coal), no mining or shipping has been attempted. With increased use of the sea passage through the Chukchi Sea to the Arctic oil fields, it is likely that development of Arctic coal will take place in the near future.

In recent years drilling on the southerly flanks of the Brooks Range has partially developed at least seven important high-grade copper deposits. Estimates of the probable value of copper in these deposits range from two to four billion dollars and numerous other prospects have been found along a "copper belt" that appears to be at least 200 miles long. If geological predictions are correct, the Brooks Range may rival the famous Rhodesian copper belt. A somewhat similar mineral belt with copper, lead, zinc, and silver lies north of the Brooks Range copper belt but evaluation is blocked by a massive withdrawal of lands for the National Park Service.

Feasibility studies have been made or are in progress on two very large iron deposits in readily accessible locations in Southeastern Alaska.

Prospecting is active all over Alaska, spurred by the increased price of gold and the certainty that impending mineral shortages in the nation will require development of Alaska's mineral wealth. However, withdrawal of huge areas of Alaskan land for the National Park Service, the Bureau of Fish and Wildlife (formerly Sports Fisheries and Wildlife), and the Bureau of Outdoor Recreation is a serious impediment to prospecting and to access to mineral deposits.

Potential geothermal sites are numerous, especially in or near the chain of volcanoes that extends from Upper Cook Inlet through the Alaska Peninsula and the Aleutian Islands. At Iniskin Bay, on Cook Inlet, fluid temperatures in excess of 400 degrees were measured in two exploratory wells.

### **TRANSPORTATION**

As an industry, transportation provided jobs in Alaska for an average 8,529 persons in 1974 and had a yearly payroll of \$130.4 million. However, the real importance of the industry is not so much its direct payroll but rather its ability to bring people and goods to the State. Since much of the equipment maintenance for this purpose is performed outside Alaska and many of the personnel involved in transport operations are non-residents, the number of employees and their payroll in the State is lower than might otherwise be expected.

The greater distances in and to Alaska and the present stage of development of the highway system and other modes of surface transportation have made Alaska the most air-minded state in the Union. On a per capita basis, it ranks first in number of airplanes, pilots, passengers and tonnage of cargo flown. Including the State-operated airports, there are over 900 airfields or seaplane facilities and scheduled air service is available to nearly 300 locations throughout

methods indicate that the State's commercial forest lands contain 50 billion cubic feet of timber and that the annual cut on a sustained-yield basis is about 1.5 billion board feet. By area, 5.7 million acres of commercial timber is located in the coastal region and 22.4 million acres in the interior. By volume, 80% of the marketable timber is contained in the coastal forests.

The volume of saw timber on commercial forest lands is estimated at 215.5 billion board feet and is equivalent to live saw timber lands in the New England, Middle Atlantic, East North Central and East South Central States combined. Timber in the coastal region is 58% hemlock and 37% spruce, both well suited for pulp and paper manufacturing. Interior stands are predominantly white birch and white spruce.

Timber production in Alaska comes approximately 90% from the two National Forests, Tongass and Chugach. These forests are accessible to water transportation and enjoy an abundance of water for both power production and processing purposes. The allowable annual cut is 888 million board feet from present operable stands and these forests are administered by the U.S. Forest Service under a sustained-yield and multiple-use principle. Total timber production in Alaska since statehood has increased gradually from 286 million board feet in 1959 to over 623 million board feet in 1974.

Existing pulp plants at Ketchikan and Sitka have a combined capacity of more than 1,000 tons daily requiring over one million board feet of timber per day, and each mill employs approximately 1,000 men in production and logging. The value of output from these two mills exceeded \$135 million in 1974. The Ketchikan facility, owned by Louisiana-Pacific Corporation and FMC Corporation, produces pulp used as a basic material in the manufacture of rayon and cellophane. The Japanese-owned Sitka plant output is utilized in textile manufacture.

Sawtimber is purchased by a number of Alaska sawmills for processing to finished lumber and cants for both export and domestic use. Mills with daily capacity of 100,000 board feet are located at Haines, Ketchikan, Seldovia, Seward, and Wrangell. Numerous smaller mills are found throughout the State to serve local needs.

Louisiana-Pacific Corporation recently purchased the Kenai Lumber Company which includes the mill at Seward, Alaska and interests in Federal and State timber sales. The Seward mill uses both hemlock and spruce timber from along the Alaska Railroad (see p. 28) as far as Fairbanks in the production of cants and dimension. Most of the production of the Seward mill is shipped to Japan. Expansion at the Seward facility during 1974 included the addition of two chippers: one in the mill to utilize mill residue and another in an adjoining facility to process pulp logs. Logs stockpiled by the company since early 1974 are now being processed through these chippers.

Kodiak Lumber Mills, Inc. of Anchorage bid successfully on the June 5, 1973 State sale of 285 million board feet of beetle-killed spruce on the west side of Cook Inlet. Under the terms of the contract, the purchaser has an option on an additional 140 million board feet of aspen, birch, and cottonwood. The term of the contract is 10 years. In addition to the State timber, Kodiak Lumber Mills also has cutting rights to 332 million board feet of Sitka spruce on Afognak Island near Kodiak. Afognak Island is a part of the Chugach National Forest. The company is presently developing a site for a \$12 million dock, sawmill, and chipping facility near Tyonek and plans another mill in the Kodiak Island area. Timber harvest will commence in late fall or early winter on both sales.

Production and employment in logging, lumber, and pulp will have further substantial increases with the establishment of a third pulp mill in Southeast Alaska, if pending litigation is resolved in favor of the U. S. Forest Service and industry. The litigation involves the 1968 purchase of 8.75 billion board feet of timber from the Tongass National Forest by Champion

# THE BONDS

## AUTHORITY

The Bonds are issued under provisions of the Alaska Constitution, particularly, Article IX, section 8, and statutes of the State of Alaska, particularly, Alaska Statutes (AS) 37.15—State Bonding Act, and pursuant to elections duly held for their authorization. The Bonds comprise portions of 9 separate authorizations enacted under the Session Laws of Alaska (SLA) and approved by the electorate. (See Table under "Authorizations" on Page 6.)

## DESCRIPTION

The Bonds, aggregating \$40,000,000 in principal amount, will be issued in a single series designated "State of Alaska 1976 Bonds, Series A," and will be dated March 1, 1976. Interest on the Bonds will be payable on September 1, 1976, and thereafter semiannually on each March 1 and September 1. Both principal and interest will be payable at Rainier National Bank in Seattle, Washington and Chemical Bank in New York, New York. The coupon Bonds will be in the denomination of \$5,000, numbered from A1 to A8000, inclusive, and will mature serially on March 1 in each of the years 1978 to 1993, as follows:

<u>Maturity March 1</u>	<u>Principal Amount</u>	<u>Maturity March 1</u>	<u>Principal Amount</u>	<u>Maturity March 1</u>	<u>Principal Amount</u>
1978	\$2,500,000	1983	\$2,500,000	1989	\$2,500,000
1979	2,500,000	1984	2,500,000	1990	2,500,000
1980	2,500,000	1985	2,500,000	1991	2,500,000
1981	2,500,000	1986	2,500,000	1992	2,500,000
1982	2,500,000	1987	2,500,000	1993	2,500,000
		1988	2,500,000		

## REDEMPTION PROVISIONS

The Bonds maturing on and after March 1, 1987 will be subject to redemption prior to their respective stated maturity dates, at the option of the State, in whole or in part from time to time in inverse numerical order, on March 1, 1986 and subsequent interest payment dates, at the following prices expressed as percentages of par value, plus accrued interest to the date of redemption:

103% if redeemed from March 1, 1986 to March 1, 1988, inclusive;

102 if redeemed from September 1, 1988 to March 1, 1990, inclusive;

101 if redeemed thereafter but prior to maturity.

## REGISTRATION

The Bonds will be issued as coupon Bonds or in fully registered form with privilege of exchange from one form to the other at a charge not to exceed \$5 for each new bond delivered upon such exchange. One free exchange is allowed from the form in which initially issued. Registration and exchange are done at the main office of the State Bond Committee's principal paying agent.

## SECURITY

The Bonds are general obligations of the State of Alaska, secured by the State's full faith, credit and resources. Alaska, as a Territory or as a State, has never defaulted in payment of interest or principal on any bonded obligation when due.

## LEGAL OPINION

The joint legal opinion of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California and Wohlforth & Flint, Anchorage, Alaska, approving the authorization and issuance of the Bonds, will be made available to purchasers at the time of delivery of the Bonds. A copy of the legal opinion will be printed on the Bonds.

## TAX STATUS

In the opinion of bond counsel, interest on the Bonds is exempt from present Federal income taxes and from State of Alaska income taxes.

## LEGALITY FOR INVESTMENT IN ALASKA

The Bonds are legal investments for all State of Alaska funds, for funds under State control, and for all funds of political subdivisions of the State. The Bonds are also legal investments for banks, mutual savings banks, trust companies, savings associations and insurance companies organized under Alaska law.

## AUTHORIZATIONS

The table below shows, by respective legislative authorization, the State's currently authorized but unissued general obligation bonds, the portions included in the present offering of \$40,000,000 State of Alaska 1976 Bonds, Series A, and the balance to remain authorized and unissued after this sale. The State does not expect to offer additional general obligation bonds for sale prior to May, 1976.

Authorization		Purpose	Authorized but Unissued	Current Offering	Remaining Authorization Unissued
Chapter	SLA				
221	1970	Highway Maintenance Facilities .....	\$ 550,000	\$ —	\$ 550,000
194	1972	Airports .....	7,850,000	—	7,850,000
195	1972	State-Operated Schools .....	2,750,000	1,200,000	1,550,000
201	1972	Flood Control Facilities and Small Boat Harbors ..	1,000,000	—	1,000,000
202	1972	Water Supply and Sewerage Systems .....	18,670,000	3,800,000	14,870,000
62	1974	Fire Protection Facilities .....	1,100,000	—	1,100,000
86	1974	Port Facilities Development .....	12,800,000	2,500,000	10,300,000
116	1974	Library Facilities .....	7,000,000	—	7,000,000
118	1974	Trunk and Secondary Airports .....	6,100,000	1,200,000	4,900,000
122	1974	Highways, Ferries and Local Service Roads ....	22,000,000	10,500,000	11,500,000
132	1974	Health Care Facilities .....	8,850,000	2,400,000	6,450,000
133	1974	Fish and Game Facilities .....	6,200,000	1,100,000	5,100,000
135	1974	Pioneers' Homes .....	3,215,000	—	3,215,000
142	1974	Rural School Construction .....	10,137,000	2,300,000	7,837,000
144	1974	University of Alaska .....	25,923,000	15,000,000	10,923,000
			<u>\$134,445,000</u>	<u>\$40,000,000</u>	<u>\$ 94,445,000</u>

reserves tax legislation provide that a credit equal to the reserves taxes paid accrues against severance taxes payable in the future. Second, an oil and gas lease sale in the Beaufort Islands area near Prudhoe Bay has been announced for FY 1977. The Department of Revenue anticipates that this sale might produce revenues to the State in excess of \$250 million, although no amounts from this source have been included in any official revenue estimates. Studies on the environmental impact of this sale indicate that the resulting extraction activity is environmentally feasible.

Moreover, since Alaska can receive its royalty in gas or oil, the State ranks with the major oil companies in terms of ownership of gas and oil. Consequently, the State has received and is considering numerous proposals for the purchase and use of State royalty gas and oil. Generally, these proposals would provide for purchase of crude oil or natural gas at the market price plus ancillary benefits to the State through the construction and operation of Alaskan refineries and petrochemical plants.

## FISHERIES

Alaska's fisheries resources have historically been the backbone of the Alaskan economy, until 1963 contributing as much as all other natural resources combined. The dramatic recent developments in the petroleum industry have overshadowed the performance of the important fisheries resource.

Since assuming responsibility for fisheries management at the time of statehood in 1959, the State has made efforts to stabilize an otherwise volatile resource. Alaska has adopted the principle of sustained yield, and has employed professional and scientific personnel in management of its fisheries. Shown below is data on the catch and wholesale value of salmon, king crab, halibut and shrimp for the years 1962-1974.

Calendar Year	SALMON		KING CRAB		HALIBUT		SHRIMP	
	Catch in Pounds (millions)	Wholesale Value (millions)	Catch in Pounds (millions)	Wholesale Value (millions)	Catch in Pounds (millions)	Wholesale Value (millions)	Catch in Pounds (millions)	Wholesale Value (millions)
1962	277.85	\$102.42	52.78	\$11.86	32.74	\$10.29	16.94	\$ 3.39
1963	223.06	75.99	78.74	16.77	28.71	7.93	15.13	4.16
1964	311.62	104.76	86.72	18.50	21.62	8.01	7.73	1.51
1965	274.84	116.81	131.67	31.66	30.23	12.08	16.82	1.88
1966	333.33	134.69	159.20	46.21	28.93	11.11	28.20	3.34
1967	138.52	69.86	127.72	35.43	25.61	7.21	41.81	7.79
1968	285.27	132.63	82.04	42.38	13.21	3.27	42.02	7.08
1969	219.15	92.92	57.73	26.58	21.32	7.74	47.85	7.91
1970	346.46	154.66	52.06	24.84	26.09	10.73	74.26	14.20
1971	251.71	132.49	70.70	32.35	23.91	10.18	94.89	15.78
1972	189.78	106.35	74.43	44.04	20.44	16.59	83.83	16.24
1973	136.49	140.40	76.80	72.95	24.75	13.39	119.96	26.52
1974	131.60	137.00	89.62	48.41	21.31	11.52	108.27	24.28

Other fishery products of significant value include Dungeness crab, herring spawn on kelp, clams, scallops and bottom fish.

## TIMBER

The U.S. Forest Service estimates that 28 million of Alaska's 119 million acres of forest lands can be commercially developed, defining commercial as land capable of producing an annual crop of 20 cubic feet of timber per acre on a sustained-yield basis. Current inventory

hearings, decisions will be made on the pipeline route to be authorized which will also have a bearing on the price of gas to be delivered from the north slope fields. Legislation has been introduced in the U.S. Senate to expedite the hearings schedule and final decision date.

Start-up of pipeline construction gave oil and gas operators assurance that oil found on the north slope could be moved to markets. Drilling activity has increased considerably with some rigs being moved in from Canada. Virtually all rigs in the state are now busy and activity is proceeding at a brisk pace. Exploratory wells are being drilled in all directions from the main Prudhoe Bay pool with some wells being drilled over 100 miles south of the Prudhoe Bay field. On April 4, 1975, Standard Oil Company of California announced that a joint interest well which was being drilled by Mobil Oil Corporation had encountered oil that flowed at a rate of 2,300 barrels per day on a 1/2 inch choke. This well is located about 15 miles northwest of the Prudhoe Bay pool and production is from the same formation which produces in Prudhoe Bay. Additional drilling will be required to determine the size of this new find.

Alaska has two small refineries in the Cook Inlet Basin and a topping plant at Prudhoe Bay. Total capacity is 66,000 barrels per calendar day. In the Cook Inlet Basin, Phillips-Marathon operates a gas liquefaction plant and delivers about 140 million cubic feet of gas per day to Japan. Collier Chemical Company, also in the Cook Inlet Basin, uses 60 million cubic feet of gas per day to produce 547,000 tons of ammonia and 438,000 tons of prilled urea annually. This plant, already the largest ammonia plant on the West Coast and the largest urea plant in the world, is scheduled for a major expansion designed to double output by 1977.

#### State Income from Oil and Gas

The State of Alaska receives a royalty of one-eighth of all oil and gas produced from State leases. Presently about 90 percent of all production and anticipated production comes from State lands—there is no production from privately owned lands. In 1974, the State raised its royalty on newly leased submerged lands to one-sixth (same as Federal royalty on the Outer Continental Shelf). Oil or gas pipelines and related facilities (as well as personal property used in the exploration for and production of gas or oil) are currently taxed by the State at the rate of 20 mills. A severance tax varying from 5 percent to 8 percent of the wellhead value of oil and 4 percent of the wellhead value of gas is levied on all production (this severance tax on oil is the higher of either the percentage of value or a base price amount ranging from \$0.17 to \$0.27 a barrel, adjusted for both specific gravity of the oil and the wholesale price index of crude oil). This tax will be applicable to production from potential oil and gas fields on lands to be acquired by Alaskan natives.

Historical results and projected estimates of income from production royalties and severance taxes are shown below. The projected estimates are based on *proven reserves* only, completion of the Trans-Alaska crude oil pipeline in mid-1977, and various other assumptions such as wellhead value and rate of production.

<u>Fiscal Year Ending June 30</u>	<u>Historical</u>	<u>Fiscal Year Ending June 30</u>	<u>Projected</u>
1971	\$41,698,100	1976	\$ 69,651,000
1972	39,354,200	1977	80,776,000
1973	41,800,700	1978	499,561,000
1974	46,113,400	1979	1,123,730,000
1975	69,870,700	1980	1,305,083,000

As mentioned previously, two near-term revenue sources from oil and gas are being developed. The first is a tax on oil and gas reserves, which at the 20 mill rate levied for FY 1976, should generate \$212 million in State revenue and \$253 million for FY 1977. The terms of the

## DEBT SERVICE REQUIREMENTS

The annual debt service requirements on all outstanding State of Alaska general obligation bonds are shown below, together with the estimated annual debt service requirements on the State of Alaska 1976 Bonds, Series A.

Year Ending June 30	Debt Service on Outstanding Bonds	1976 Bonds, Series A			Estimated Total Debt Service
		Principal	Interest (Est. @ 7%)	Estimated Debt Service	
1976	\$ 35,121,076	\$ —	\$ —	\$ —	\$ 35,121,076
1977	37,547,435	—	2,800,000	2,800,000	40,347,435
1978	37,212,035	2,500,000	2,800,000	5,300,000	42,512,035
1979	40,756,702	2,500,000	2,625,000	5,125,000	45,881,702
1980	40,254,524	2,500,000	2,450,000	4,950,000	45,204,524
1981	36,974,608	2,500,000	2,275,000	4,775,000	41,749,608
1982	39,197,282	2,500,000	2,100,000	4,600,000	43,797,282
1983	38,282,423	2,500,000	1,925,000	4,425,000	42,707,423
1984	37,540,165	2,500,000	1,750,000	4,250,000	41,790,165
1985	36,405,360	2,500,000	1,575,000	4,075,000	40,480,360
1986	36,365,014	2,500,000	1,400,000	3,900,000	40,265,014
1987	34,243,771	2,500,000	1,225,000	3,725,000	37,968,771
1988	34,038,105	2,500,000	1,050,000	3,550,000	37,588,105
1989	32,147,827	2,500,000	875,000	3,375,000	35,522,827
1990	30,795,721	2,500,000	700,000	3,200,000	33,995,721
1991	30,041,030	2,500,000	525,000	3,025,000	33,066,030
1992	29,676,200	2,500,000	350,000	2,850,000	32,526,200
1993	23,624,918	2,500,000	175,000	2,675,000	26,299,918
1994	23,103,518	—	—	—	23,103,518
1995	23,019,550	—	—	—	23,019,550
1996	21,365,038	—	—	—	21,365,038
1997	16,556,044	—	—	—	16,556,044
1998	14,286,419	—	—	—	14,286,419
1999	7,062,256	—	—	—	7,062,256
2000	2,622,493	—	—	—	2,622,493
	<u>\$738,239,514</u>	<u>\$40,000,000</u>	<u>\$28,600,000</u>	<u>\$68,600,000</u>	<u>\$804,839,514</u>

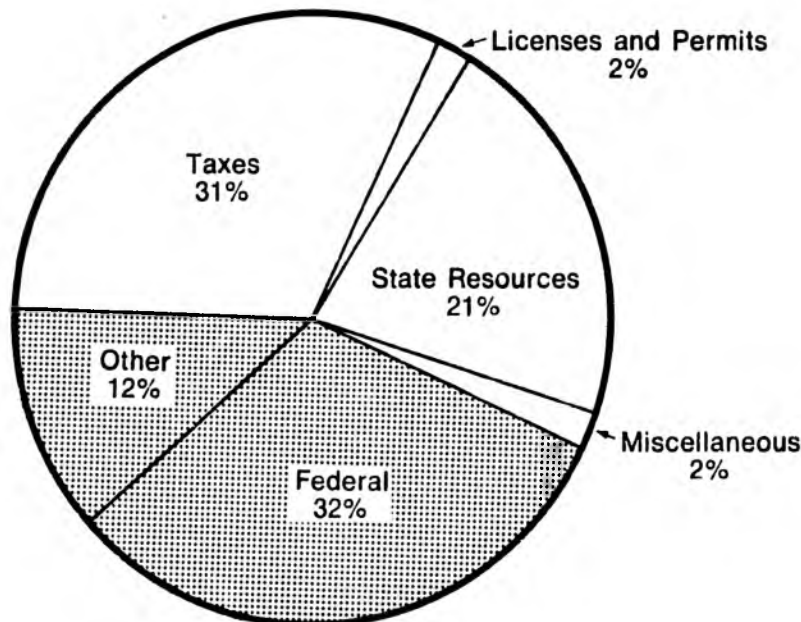
# FINANCIAL INFORMATION

## GENERAL FUND

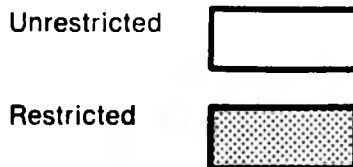
The General Fund of the Alaska State government comprises the principal source of funds available for legislative appropriations. Income received by the General Fund is of two major classifications: Unrestricted and Restricted. Unrestricted revenues may be appropriated for any program and include taxes, licenses and permits, and state resource revenues, which include royalties, bonus sales and investment income. Restricted revenues are those received for specific purposes, primarily from the Federal government.

Two significant revenue generating measures are contemplated. First, a tax on oil and gas reserves was enacted by the Legislature for the fiscal years ending June 30, 1976 and 1977. If the 20-mill rate which has been levied for 1976 is also levied in 1977, revenues to the State from this source are estimated by the Department of Revenue at \$211.7 million and \$252.8 million, respectively. Second, the Administration has announced that it will hold an oil-and-gas lease sale in the Beaufort Islands near the Prudhoe Bay area in fiscal year 1977. Although it has been anticipated by the Department of Revenue that such a lease sale would produce State revenues in excess of \$250 million, no amounts from this source have been included in any official estimates.

### Sources of General Fund Revenue



Fiscal Year 1975



On September 10, 1969, the State of Alaska received \$900,486,718 from the sale of North Slope oil leases. These proceeds were deposited in the State's General Fund to provide for state operations and have enabled the State to show, in subsequent years, substantial General

The pipeline is expected to be completed by the end of 1976 and the pump stations and related work should be finished by the end of the first quarter of 1977. Allowing three months for necessary testing, the completion schedule now contemplated would enable the first oil



Port Valdez, showing construction progress on the 510,000-barrel storage tanks. Eighteen of these tanks will be built to hold oil from Prudhoe Bay until it can be fed to tankers, at four berths now under construction, for shipment to ports along the west coast of the United States.

delivery to Valdez to occur in July, 1977. Initial flowage through the pipeline will be 600,000 barrels per day. This flowage will be increased to 1.2 million barrels per day by November, 1977. Maximum capacity of the pipeline is 2 million barrels per day.

A proposal has been made which would bring Prudhoe Bay gas through a pipeline paralleling the Trans-Alaska oil pipeline to a port in South Central Alaska, where the gas would be converted to liquefied natural gas (LNG) and shipped by LNG carriers to a West Coast port for introduction into existing natural gas pipelines. Arctic Gas, another consortium of U.S. and Canadian companies, has made an alternate proposal to construct a large diameter natural gas line from Prudhoe Bay in Alaska to the U.S.-Canadian Border in Montana and Idaho, with a western branch to Kingsgate, British Columbia. Total length of this pipeline would be 2,403 miles in Canada and 195 miles in Alaska and well over 2,000 miles must be built within the U.S. borders to deliver gas to U.S. midwest and eastern markets. Both proposals contemplate gas deliveries probably beginning in 1980 or 1981.

On April 7, 1975, the Federal Power Commission started pre-hearing conferences in preparation for full scale hearings which began May 5, 1975, regarding these two proposals. Since many parties have requested permission to intervene and the hearings will be complicated, a decision is not expected for some time, perhaps in the late summer of 1976. As a result of these

Construction of the Trans-Alaska Pipeline, an 800-mile, 48-inch crude oil pipeline from Prudhoe Bay on Alaska's Arctic Coast to Port Valdez in south central Alaska, was begun in April, 1974. Oil transported via the pipeline will be stored at the huge storage tank farm being constructed at Valdez for shipment by tanker to West Coast ports. Construction of the pipeline service road north of the Yukon River commenced on April 29, 1974 and was completed during the 1974 construction season. Progress of pipeline construction achieved during 1975 included: (1) setting 47,000 (over half) of the vertical support members for the above-ground pipe, (2) construction of more than half of the river crossings for the pipeline, (3) completion of all access roads from highways to the pipeline right-of-way, (4) delivery of all pipe needed to complete the pipeline from Valdez, Fairbanks and Prudhoe Bay to key distribution points along



A portion of elevated pipeline snakes its way along the 800-mile route from Prudhoe Bay on the Arctic Ocean to Valdez in south central Alaska.

the line, (5) completion of the Yukon River bridge and (6) laying 368.9 miles of pipeline.

Alyeska Pipeline Service Company, which is responsible for the design and construction of the Trans-Alaska Pipeline, indicates the present status of the project to be as follows:

Total personnel involved directly in the project is down to 7,500 for the winter season and is anticipated to increase to a maximum of 20,000 by next summer.

40% of all required construction has been completed, which is slightly ahead of schedule at this time.

145.2 miles of elevated pipeline, 14.5 miles of pipeline across rivers and 209.2 miles of buried pipeline have been installed.

Ten 510,000-barrel crude oil storage tanks have been completed at the east tank farm at the Valdez terminal. The 4 remaining tanks to be located at the east tank farm are in various stages of construction. At the west tank farm 4 storage tanks now have bases installed and sites have been prepared for 3 more tanks.

Fund surpluses, which have been invested in obligations of the United States Government and its agencies, and qualified investments within the State. The General Fund balance as of June 30, 1975 was \$460,826,015. This balance exceeds the preliminary reported balance for 1975 of \$429,816,000. The State enjoyed a dramatic increase in revenues in the fiscal year ended June 30, 1975. Significant among the contributing factors are: first, inflation in Alaska's economy during fiscal 1975 was substantially higher than anticipated; second, the rate of construction on the Trans-Alaska Pipeline and the number of people employed in this project exceeded earlier reported estimates. Both of these factors had a dramatic effect on the State's revenue, particularly from individual and corporate income taxes. However, the increase in revenues realized over those estimated which resulted in the increased General Fund balance was largely attributable to accounts receivable which were recorded after fiscal year end verification.

The Legislature and the administration are continuing to give careful consideration to additional alternatives which will assure the adequacy of the General Fund to meet anticipated expenditures. The extent to which any feasible alternative may be employed and the number of alternatives which may be required are related to economic factors not readily predictable. The rate of inflation over the next few years, a delay in completion of the pipeline, and the level of unemployment in the State will all influence future economic planning and decisions. Continued critical review of annual budgetary appropriations and budgetary reductions, as necessary, remain an important part of the State's fiscal planning.

Federal programs and grants continue to account for a substantial part of the State's annual operating receipts and expenditures. Total Federal grants-in-aid funds for fiscal 1975 amounted to \$186.2 million. These grants-in-aid funds were received for such programs as highways and airports, \$81.6 million; education, \$46.3 million; and social services, \$39.9 million. Other minor Federal/State programs comprised the balance of \$18.4 million. The principal purpose of Federal contributions is for highways and on-base school support. Since the Federal government owns most of the land in the State, and allocations of Federal highway funds are made in part on the basis of federally-owned land within a state, Alaska rightfully expects substantial contributions from that source. The provision of Federal funds for operation of schools for military posts is part of a national program to assist communities when military installations place unusual demands on local educational facilities. Over 8.7% of total public school enrollment in the State is attributable to dependents of military personnel who were enrolled in on-base schools operated by the State in fiscal year 1974.

State General Fund disbursements for fiscal 1975, as reported by the Department of Administration, totaled \$706,868,000. Highways, public education, health and social services, public works, including airports and ferries, and the University of Alaska are the primary services in terms of operating expenses and capital improvements.

Table 1, below, is a summary of the General Fund showing actual figures for the fiscal years 1971 through 1975 and estimated figures for fiscal 1976. The State's accounting system is on a modified accrual basis.

**TABLE 1**  
**GENERAL FUND STATEMENT OF OPERATIONS**

Fiscal Years Ending June 30	(000 Omitted)					1976 (E)
	1971	1972	1973	1974	1975	
Beginning Fund Balance .....	\$ 933,541	\$ 899,079	\$ 825,303	\$ 707,209	\$ 578,650	\$ 440,877
Total Unrestricted Revenue .....	\$ 223,251	\$ 227,144	\$ 210,828	\$ 258,180	\$ 333,671	\$ 578,198
Total Restricted Revenue .....	\$ 132,740	\$ 149,092	\$ 174,634	\$ 166,398	\$ 254,820	\$ 218,295
Transfers and Adjustments, net ....	9,092	6,494	17,264	17,809	553	—
Total General Fund Revenue .....	\$ 365,083	\$ 382,730	\$ 402,726	\$ 442,387	\$ 589,044	\$ 758,051
Total Beginning Balance & Revenue ...	\$1,298,624	\$1,281,809	\$1,228,029	\$1,149,596	\$1,167,694	\$1,288,977
Disbursements:						
On Current Fiscal Appropriations ..	\$ 383,230	\$ 429,350	\$ 489,952	\$ 538,423	\$ 661,397	\$ 700,000
On Prior Fiscal Appropriations ....	16,315	27,156	30,868	32,523	45,471	56,000
Total General Fund Disbursements ..	\$ 399,545	\$ 456,506	\$ 520,820	\$ 570,946	\$ 706,868	\$ 816,000
Ending Fund Balance* .....	\$ 899,079	\$ 825,303	\$ 707,209	\$ 578,650	\$ 460,826	\$ 440,877

(E) Estimated. Includes \$211.7 million projected to be received from the tax on oil and gas reserves on June 30, 1976.

\* Certain accounts payable, subject to post year-end review, not reflected.

Table 2 sets forth a breakdown of the major revenue sources in both the Unrestricted and Restricted Revenue categories for the latest five years of operation. Table 3 presents a more detailed breakdown of the major revenue categories shown in Table 2.

**TABLE 2**  
**GENERAL FUND COMPARATIVE STATEMENT OF REVENUE**

Fiscal Years Ending June 30	(000 Omitted)				
	1971	1972	1973	1974	1975
Unrestricted Revenue:					
Taxes .....	\$ 83,629	\$ 89,138	\$ 96,436	\$109,401	\$185,137
Natural Resources .....	30,321	27,734	33,149	58,417	57,433
Other Unrestricted Revenue .....	99,564	101,320	73,496	82,298	80,037
Shared Revenue From Federal Government	9,737	8,952	7,747	8,064	11,104
Total Unrestricted Revenue .....	\$223,251	\$227,144	\$210,828	\$258,180	\$333,671
Restricted Revenue:					
Federal Grants-in-Aid .....	\$110,529	\$124,157	\$145,579	\$141,314	\$186,205
Other Restricted Revenue .....	22,211	24,935	29,055	25,084	68,615
Total Restricted Revenue .....	\$132,740	\$149,092	\$174,634	\$166,398	\$254,820
Total Unrestricted and Restricted Revenue..	\$355,991	\$376,236	\$385,462	\$424,578	\$588,491

The Alaska Division of Geological and Geophysical Surveys' projection of reserves in Alaska as of March, 1974 is:

<i>Proven Reserves:</i>	14.84 billion barrels of oil 33.82 trillion cubic feet of gas
<i>Speculative Resources:</i>	74 billion barrels of oil 424 trillion cubic feet of gas

Estimates by the United States Geological Survey are substantially higher.

### **Oil and Gas Production and Transportation**

Presently, Alaskan oil production is about 200,000 barrels per day and gas production (both casinghead and dry gas) is 600 million cubic feet per day. Alaskan refineries take about 66,000 barrels of oil per day (about 10,000 barrels of the refinery runs is sent out of state for further refining). Gas is used for local consumption, manufacture of liquid natural gas and petrochemicals, and for pressure maintenance in oil fields. Transportation of natural gas is accomplished through submarine and surface gas pipelines that link producing fields with the cities of Kenai and Anchorage. Doubling of capacity in the pipeline to Anchorage is planned.



Pump stations like the one shown above will start the flow of oil through the pipeline at Prudhoe Bay, and will push the oil over three mountain ranges enroute to the line's southern terminus at Valdez, a distance of 800 miles.

# THE ECONOMY

## GENERAL

The State's economy continues to be heavily dependent upon extractive industry and natural resource production. Petroleum, fisheries, timber and tourism are the most important sources of revenue to the State and its inhabitants outside of Federal government funds. Increasing capital investment by American and more recently by Japanese firms has helped to provide additional employment opportunities. Alaska has made significant progress in most sectors of the economy since Statehood. Alaska's strategic location in the nation's defense posture, the concomitant presence of military installations, personnel and support activities, including provision for on-base education for dependents, and the large Federal land ownership will continue to make Federal expenditures an important part of the overall economy, although decreasing as a percentage of State income.

### VALUE OF RESOURCE PRODUCTION

(\$ Millions)

Calendar Years	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974(P)
Petroleum . . . .	\$ 35.9	\$ 46.8	\$ 95.4	\$187.9	\$227.1	\$279.1	\$275.4	\$253.9	\$281.4	\$ 468.2
Fisheries . . . . .	166.6	197.3	126.7	191.7	144.2	213.9	198.7	203.0	307.0	254.4
Forest Products	65.7	73.0	77.7	91.8	86.4	92.3	97.9	113.7	174.3	222.8
Minerals . . . . .	47.6	35.9	41.7	20.7	30.6	59.1	47.4	32.2	47.4	55.0
Furs . . . . .	6.1	6.9	6.5	6.5	6.3	4.5	4.1	2.8	3.1	N.A.
Agriculture . . .	5.3	5.3	5.2	4.9	4.3	5.2	5.0	6.1	7.0	7.8
Totals . . . . .	\$327.1	\$365.2	\$353.3	\$503.5	\$498.9	\$654.2	\$628.5	\$611.7	\$820.2	\$1,008.2*

(P) Preliminary

\* Excluding Furs, the value for which is not yet available.

## POPULATION

Alaska's population is young. The rate of population growth has been impressive, with a 6.7% average annual increase from 1950 to 1970. Estimates for 1975 show population at 406,100, an increase of 15.7% over 1974. (Human Resources Planning Institute, Urban & Rural Associates.)

## PETROLEUM

### Oil and Gas Reserves

With the 1968 discovery of a large oil and gas reservoir on lands near Prudhoe Bay on the Arctic coast, Alaska leaped to a second-place ranking among the states in volume of reserves of crude oil and third place in reserves of natural gas. The Prudhoe Bay reservoir, with an estimated recoverable 10 billion barrels of oil and 27 trillion cubic feet of gas, is twice as large as any oil field previously found in North America. In addition, incompletely developed reserves have been found beyond the limits of the Prudhoe Bay field and large structures remain to be tested in the state-owned shallow waters of the adjacent Beaufort Sea.

In the Cook Inlet basin of Alaska's south central coast, proven reserves in five oil fields contain more than a billion barrels of recoverable oil and seven trillion cubic feet of natural gas (in 5 oil and gas fields and 11 gas fields).

**TABLE 3**  
**COMPARATIVE STATEMENT OF SIGNIFICANT GENERAL FUND INCOME SOURCES**  
(000 Omitted)

Fiscal Years Ending June 30	1971	1972	1973	1974	1975
<b>Unrestricted Revenue:</b>					
<b>Taxes</b>					
Individual Income .....	\$ 35,484	\$ 39,079	\$ 43,354	\$ 49,191	\$ 86,899
Oil & Gas Production .....	9,927	11,401	12,028	14,760	26,542
Highway Fuel .....	8,598	8,899	10,053	10,987	14,041
Corporation Income .....	6,066	6,468	6,953	8,241	17,345
Alaska Business License .....	5,589	6,067	6,703	7,535	11,179
Alcoholic Beverage License .....	4,936	4,838	5,235	5,691	6,598
Raw Fish Tax .....	3,490	2,714	1,661	1,363	1,620
Insurance Premium .....	3,018	3,476	3,706	3,765	4,420
Other Taxes .....	6,521	6,196	6,743	7,868	16,493
<b>Total Taxes .....</b>	<b>\$ 83,629</b>	<b>\$ 89,138</b>	<b>\$ 96,436</b>	<b>\$109,401</b>	<b>\$185,137</b>
<b>Natural Resources:</b>					
Royalties—Gas & Oil .....	\$ 25,944	\$ 22,691	\$ 25,299	\$ 26,602	\$ 39,901
Bonus Mineral Leases .....	239	234	3,833	24,819	1,039
Other .....	4,138	4,909	4,017	6,996	16,493
<b>Total Natural Resources .....</b>	<b>\$ 30,321</b>	<b>\$ 27,734</b>	<b>\$ 33,149</b>	<b>\$ 58,417</b>	<b>\$ 57,433</b>
<b>Other Unrestricted Revenue:</b>					
Licenses, Fees & Permits .....	\$ 8,884	\$ 9,061	\$ 9,756	\$ 11,113	\$ 14,037
Investment Income .....	78,406	77,562	43,713	39,488	38,513
Ferries .....	7,585	9,082	10,222	10,732	13,037
Miscellaneous Revenue .....	4,689	5,615	9,805	20,965	14,500
<b>Total Other Unrestricted .....</b>	<b>\$ 99,564</b>	<b>\$101,320</b>	<b>\$ 73,496</b>	<b>\$ 82,298</b>	<b>\$ 80,087</b>
<b>Restricted Revenue:</b>					
<b>Federal Grants-in-Aid</b>					
Highways & Airports .....	\$ 61,247	\$ 56,442	\$ 68,783	\$ 70,748	\$ 81,585
Education .....	28,621	31,003	38,361	28,100	46,353
Social Services .....	17,498	32,123	29,586	30,104	39,904
Other .....	3,163	4,589	8,849	12,362	18,363
<b>Total Federal Grants-in-Aid .....</b>	<b>\$110,529</b>	<b>\$124,157</b>	<b>\$145,579</b>	<b>\$141,314</b>	<b>\$186,205</b>

Table 4 shows the detail of General Fund disbursements from current year appropriations by purpose, for the past five years.

**TABLE 4**  
**GENERAL FUND STATEMENT OF ACTUAL DISBURSEMENTS**  
(000 Omitted)

<u>Fiscal Years Ending June 30</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
<b>Purpose:</b>					
Highways .....	\$ 87,435	\$ 84,968	\$ 99,221	\$105,834	\$137,152
Education .....	119,124	106,303	97,651	106,836	126,109
State-Operated Schools .....	—	28,515	32,187	33,358	41,525
Health and Social Services .....	42,942	52,824	60,980	64,128	75,059
Community and Regional Affairs .....	—	—	12,870	12,695	23,878
Public Works .....	30,571	34,085	49,820	55,101	63,207
University of Alaska .....	17,425	21,800	25,239	23,897	31,170
Debt Service .....	15,174	19,513	23,543	26,290	28,992
Revenue .....	2,722	2,958	7,318	8,571	10,533
Revenue Sharing .....	10,072	13,105	—	—	—
Fish and Game .....	6,694	7,779	6,826	8,186	11,119
Administration .....	5,569	6,086	13,811	19,744	18,617
Labor .....	6,942	7,904	8,475	8,640	19,381
Office of the Governor .....	6,455	10,958	10,527	18,829	14,628
Public Safety .....	5,783	7,304	10,289	12,429	17,104
Judiciary .....	5,791	6,214	7,413	9,316	12,345
Natural Resources .....	7,895	5,071	7,580	9,333	10,313
Law .....	2,171	2,668	2,971	3,438	4,325
Military Affairs .....	2,478	1,785	2,535	2,502	4,412
Economic Development .....	1,431	1,472	1,660	1,692	1,886
Environmental Conservation .....	—	2,802	1,566	1,379	1,988
Commerce .....	3,606	2,327	4,831	2,859	3,622
Legislative Affairs .....	2,323	2,531	2,371	3,000	3,200
Natural Disaster Programs .....	400	—	—	—	—
Legislative Audit .....	227	382	469	565	832
<b>Totals .....</b>	<b><u>\$383,230</u></b>	<b><u>\$429,350</u></b>	<b><u>\$489,953</u></b>	<b><u>\$538,423</u></b>	<b><u>\$661,397</u></b>

The State of Alaska does not foresee the need to borrow funds to preserve a balance in the General Fund at the end of any fiscal year. It is possible that the need to borrow funds temporarily may arise during fiscal years 1976 or 1977. If any borrowed funds are obtained, repayment would be made at the end of the fiscal year in which the loan proceeds are received, from the substantial General Fund revenues projected to be received on June 30 of each of these years, from the tax on oil and gas reserves.

### **SPECIAL FUNDS**

Special Fund revenues are those received into statutorily established funds. These funds consist of the Training and Building Fund, Tobacco Tax Fund, Fish and Game Fund, and the Federal Revenue Sharing Fund.

In addition to the above, the State operates eight enterprise funds to account for self-supporting activities which render service on a user charge basis to the public. Classified as enterprise funds are the International Airports Fund, World War II Veterans Loan Fund, Agriculture Revolving Loan Fund, Small Business Revolving Loan Fund, Commercial Fishing Revolving Loan Fund, Tourism Revolving Fund, Scholarship Revolving Loan Fund, and the Memorial Scholarships Revolving Loan Fund.

Federal Government will own approximately 60 percent of the land area of Alaska. If announced plans are implemented, 70 percent of this, or 160,000,000 acres will be reserved for National Parks, wildlife refuges, wild or historic rivers, and National Forests. Unquestionably, Federal interest in Alaska will remain high.

The 92nd Congress, in December 1971, passed the Alaska Native Claims Settlement Act. The impact of this legislation on the State of Alaska and its people in terms of economics is the most notable Federal legislation since Statehood. Major provisions include the payment of \$462,500,000 by the Federal government in installments over an eleven year period and \$500,000,000 by the State government to be paid from a 2% royalty based on value and 2% of leases and bonuses received from the disposition of federal and state owned minerals within the State of Alaska, in addition to the right to select 40 million acres of federal lands with subsurface as well as surface rights. Under the Act, thirteen regional corporations have been established to insure that the approximately 75,000 eligible Natives (Indians, Eskimos and Aleuts) derive maximum benefit from this settlement enacted on their behalf. State selections of the 104.5 million acres granted under the Statehood Act have proceeded in areas outside the 25 township areas around Native Villages, although some State selections have been contested. The Joint Federal-State Land Use Planning Commission created by the Native Claims Settlement Act is undertaking a comprehensive review of federal land in Alaska and its recommendations to the President, Congress and other federal agencies should be of the utmost importance.

#### **LOCAL GOVERNMENT**

Local government in Alaska is vested in cities and boroughs of several classes. Boroughs, most comparable to counties, have area-wide responsibilities such as assessment and taxation, education, planning and zoning, and may assume other powers of cities within the borough in accordance with statutory procedures. First-class cities outside boroughs must establish a public school system. Second-class cities have no school responsibility and a more limited power to levy sales taxes. In September, 1975 the City of Anchorage and Greater Anchorage Area Borough unified to form the new home rule charter Municipality of Anchorage. Local political subdivisions were reported to have \$312.2 million in general obligation bonds outstanding as of June 30, 1974.

The most recent figures from the State Assessor's Office for assessed valuations within all incorporated political subdivisions of the State together with the estimated actual value are for 1974: assessed value at \$4,462,231,425; estimated actual value at \$4,823,100,612. (These figures include \$684,028,520 of oil-related property per Alaska Statutes 43.56.) The State-wide 1974 figures represent a four-fold increase in assessed valuation over 1965.

# GOVERNMENT

## ORGANIZATION

The State Constitution provides a modern organizational structure for State government with legislative, judicial and executive branches.

The Governor and Lieutenant Governor are the only elected executive officials. They serve a term of four years. No Governor may serve more than two consecutive terms. Day-to-day operations are the direct responsibility of the Governor under whose office are fifteen executive departments which provide State services. Each department head is appointed by and serves at the pleasure of the Governor, subject to legislative confirmation. The State Bond Committee is composed of three of these department heads, pursuant to Alaska Statute 37.15.110.

The Legislature is composed of the House of Representatives containing 40 members elected for two year terms, and the Senate of 20 members serving four year terms. Half of the Senate stands for election every even-numbered year.

The Judicial Branch is comprised of the Supreme Court of five justices having appellate jurisdiction and a Superior Court of sixteen judges. The Legislature has established a system of district and magistrate courts for minor civil cases, misdemeanors, violations of political subdivision ordinances and similar matters.

## BUDGETING AND REPORTING

Responsibility for preparation and administration of the State budget is vested with the Governor. By State law, proposed annual budgetary expenditures for any fiscal year may not exceed estimated receipts and surpluses.

With the aid of computer technology, the State utilizes a planned program budgeting system to develop its annual operating budget. The capital budget is appropriated on an annual basis and represents the first year of an annually updated six-year program. As future needs are identified, the annual budget for the following year is adjusted accordingly, preserving a sense of direction in the face of changing economic factors and shifts in State spending requirements.

While no State legal limit exists as to the amount of general obligation bonds which may be issued, the total principal and interest due annually as a percentage of total operating expenditures has varied from 3.8% to 4.6% over the last five years, with the percentage for fiscal 1975 being 4.1%.

## LAND OWNERSHIP

At the time the Alaska Statehood Act was passed by Congress in 1958, the Federal Government owned 99.8 percent of the 586,412 square miles, or more than 375 million acres, of land in Alaska (1 square mile = 640 acres). That Act gave Alaska the right to select 104,500,000 acres of the public domain lands in Alaska; to date, 69,209,445 acres have been selected, of which 10,148,961 acres have been patented to the State. In addition to lands under the Act, the State has received an estimated 35 to 45 million acres of submerged lands, some of which contain producing oil and gas fields—others have high potential for oil and gas production. After State and Native selections (see next paragraph) are complete, the

The asset balances of the General Fund and all Special Funds are continuously invested by the Treasury Division of the Department of Revenue. Funds not requiring segregated investment are pooled in order to increase investment efficiency. These investments are listed by major classifications in the following Treasury Division Statement of Condition:

## STATE OF ALASKA INVESTMENT PORTFOLIO

### STATEMENT OF CONDITION

Invested Assets at Cost

As of December 31, 1975

<b>Operating Cash:</b>	
Cash in Clearing Accounts .....	\$ 7,628,916
Compensating Balances .....	1,995,000
Sub-Total .....	<u>\$ 9,623,916</u>
 <b>Investment Account:</b>	
Cash .....	41,612
Repurchase Agreements .....	18,500,000
U.S. Treasury Bills .....	27,131,674
Certificates of Deposit .....	111,290,813
U.S. Notes and Bonds .....	5,017,205
U.S. Agencies .....	15,075,043
Alaska Deposits .....	70,612,500
Sub-Total .....	<u>\$247,668,847</u>
 <b>Loan and Mortgage Programs:</b>	
Alaska Housing Finance Corp. Mortgages .....	\$ 19,664,593
Alaska Housing Finance Corp. Notes .....	9,953,969
State Veteran Loans .....	87,638,273
Other .....	24,043,242
Sub-Total .....	<u>\$141,300,077</u>
Separately Invested Segregated Funds .....	<u>\$ 80,151,908</u>
 <b>Retirement Funds:</b>	
Public Employees Retirement System .....	\$120,780,957
Teachers Retirement System .....	114,085,384
Sub-Total .....	<u>\$234,866,341</u>
Total Investment Funds .....	<u><u>\$713,611,089</u></u>

## RETIREMENT PLANS

The State of Alaska operates various retirement plans, the principal of which are the Public Employees Retirement System and the Teachers Retirement System, created by acts of the State Legislature in 1960 and the Territorial Legislature in 1955, respectively. By law, the Teachers Retirement System is subject to actuarial review every five years, the Public Employees Retirement System every two years. However, such reviews have, at the request of the State, been conducted annually to ensure that these programs adequately recognize additional costs caused by Legislative increases in retirement benefits. William M. Mercer, Incorporated, a subsidiary of Marsh & McLennan Companies, Inc., serves as consulting actuary to the State of Alaska, in connection with its retirement systems and employee benefits programs, and performs the actuarial review and valuation for both retirement systems.

### Public Employees Retirement System

The most recently completed actuarial valuation for the Public Employees Retirement System is for the year ended December 31, 1974. However, because of the time required to complete the valuation, the consulting actuary was able to incorporate into the results of the valuation certain amendments adopted by the 1975 Legislature affecting the results of that actuarial valuation. Including new provisions to the Public Employees Retirement System, its status as of December 31, 1974 is as follows:

(A) Liability for accrued benefits earned .....	\$83,486,939
Total assets (State and political subdivisions) ..	\$97,127,352
Less assets of political subdivisions .....	(23,515,176)
Total State assets .....	<u>\$73,612,176</u>
Less 100% funded retirement reserve .....	<u>(19,702,476)</u>
(B) Adjusted value of assets .....	\$53,909,700
(C) Unfunded liability (A) — (B) .....	29,577,239
(D) Funding ratio (B) ÷ (A) .....	64.6%

Unfunded liability is amortized over a 40-year period. Based on total salaries of State public employees for 1974 of \$115,769,445, the past service rate to cover the unfunded liability is 1.49% of salaries. The rate to cover future benefits liability, exclusive of unfunded liability, is 8.81%, bringing the total State contribution rate to 10.30%. Mandatory employee contributions to the retirement system are at the following rates:

Police and Fire employees —	5%
Other employees —	4¼%

The total present value of benefits for the retirement system at December 31, 1974 is as follows:

For all non-retired members .....	\$256,836,722
For retired members .....	\$ 27,395,287
Total present value of benefits .....	<u>\$284,232,009</u>

### Teachers Retirement System

The State of Alaska shares equally with the school districts in the employer contributions and in any unfunded liability for benefits under this retirement system. The most recently completed actuarial valuation for the Teachers Retirement System is for the 12-month period

ended June 30, 1974. Certain amendments to the system adopted in 1975 have been incorporated into the findings of the valuation. Including these new provisions, the status of the Teachers Retirement System as of June 30, 1974, as indicated by the actuarial valuation, is as follows:

(A) Liability for accrued benefits earned .....	\$173,855,399
(B) Adjusted value of assets .....	\$ 86,656,008
(C) Unfunded liability for accrued benefits (A) - (B) ...	\$ 87,199,391
(D) Funding ratio (B) ÷ (A) .....	49.8%

The unfunded liability for accrued benefits not covered by assets is amortized over a 14-year period, the approximate average length of future employment used to develop employer pension cost.

Employees contribute 7% of salaries to the cost of the Teachers Retirement System. School districts and the State share the employer contribution, which will become 14.08% of total salaries within the system on July 1, 1976, on a 50-50 basis, making the State's contribution 7.04%. The conclusion reached in the actuarial valuation for the year ended June 30, 1974 is that the school districts-State contribution rate of 14.08% will be adequate to support the benefits of the system for the fiscal year 1976-77.

#### **Summary**

The assumptions used and the conclusions reached in the actuarial valuations for the Public Employees Retirement System and the Teachers Retirement System have undergone changes in the past and will continue to change in the future as the benefits and asset valuations change. The State recognizes the need to maintain realistic cost contributions to assure that the benefits to be realized by participants in these plans are preserved. The practice of conducting annual actuarial valuations is being carried out to aid in achieving this end.



Tape #: H76-20

RECORDER LOG

Date: 2-12-76

Beg. #: 2823

7:30 pm.

End #: 1537

General Subject: Environmental Conservation - budget

Present: Reps. Malone, Hanger, Duncan, Buchholdt, Guy, Guening, Naughton, Hta, Ernst Mueller, Comm., Environmental Conservation, Jim Schuber, Dir., Water Program; Jerry Reinward, Dep. Comm.,

Log #	Description
2823	meeting convened at 7:30
2833	Malone - purpose of meeting
2847	<del>Malone</del> Mueller - departmental reorganization
2876	budget submission
2878	reorganization
2906	budget - essentially maintenance
2917	\$ new positions
2944	Malone - Village safe water program - what are problems
2952	Mueller - Village safe water program - outline of activities, plans, and needs
3017	bond request
3030	Guy
3033	Mueller
3036	Hanger - question <del>of</del> on cost per facility
3054	income from facility
3062	Naughton - equipment included
3070	Description of safe water facility
3090	Naughton - sewage treatment secondary
3103	Malone - maintenance question - sanitary engineer
3113	income source
3127	Hta - # requests from village for projects

Beg. #: \_\_\_\_\_

(2)

End #: \_\_\_\_\_

General Subject: Environmental Conservation - budget

Present: \_\_\_\_\_

Log #	Description
3141	Itta - what's needed in villages
3179	Buchholdt - Where are completed facilities
3187	Job description of person assessing needs of village
3216	Nowig system
3230	Recruitment problems
3240	Downfall with bush programs
3263	Regional goals - regional field people
3284	Status of Alutsk project
3299	Bethel area housing authority
3311	Naughton - what could program do if it had more money
3335	Planning process timetable
3347	Funding needed for maintenance as well as building facilities
3361	Life expectancy of plants
Change to Tape H 76-21	
0005	Cost of running facility for a year
0038	Project at take
0078	Alternatives of comprehensive planning program

Beg. #: \_\_\_\_\_

(3)

End #: \_\_\_\_\_

General Subject: Environmental Conservation - budget

Present: \_\_\_\_\_

Log #	Description
0130	Malone - pollution problems
0188	water supply regulations
0204	Mueller - money for improving water supply
0256	Malone - corrective action taken for polluted areas
0305	Treatment of pollution (Scribner)
0344	growth factor
0387	Mueller
0411	Reinward - success of program
0455	Certification of waste water operator
0475	Scribner - we act as training ground
0491	Kenai operator program
0510	Malone - industrial waste - Scribner response
0610	Scribner - Cooke inlet platforms - status
0636	Malone - monitoring efforts - pollution - Reinward response Alaska agreement - Reinward
0686	Non-pipeline pollution
0724	Pollution charges - 90% conviction rate
0740	# cases filed
0767	Scribner - planning process for monitoring program
0802	Pipeline monitoring

Tape #: H 76-20

RECORDER LOG

Date: 2-12-76

Beg. #: \_\_\_\_\_

End #: \_\_\_\_\_

General Subject: Environmental Conservation - budget

Present: \_\_\_\_\_

Log #	Description
0830	Reinwand - problems with Alyeska
0889	Taxation should pay for monitoring
0895	Scribner - status of drinking water regulations
0935	Proposed regulations vs. present regulations
0956	Reinwand - safe drinking water act of '74
1000	Sewage problems
1043	Naughton - if <del>too</del> federal money is used, sewage treatment has to be priority
1075	Terrestrial programs - <del>to</del> clean air compliance
1170	Results of being in violation
1250	Solutions to auto pollution problem
1294	DEC
1371	Main priority of department for FY 77. (Mueller)
1385	public water supply program
1398	Alaska environmental plan
1409	208 planning - area wide waste treatment planning
1430	pesticides program
1456	air pollution program
1465	solid waste program



Tape #: H76-21

RECORDER LOG

Date: 2-13-76

Beg. #: 1544

8:55 -

End #: 2523

10 a.m.

General Subject: Justice - budget

Present: Hauger, Ma, Naughton, Rep. Malen, Guy, Cooper, Guening, Buchholdt, Durian, Arthur Snowden, Admin Dir of Courts; Richard Barrier, Mgr., Fiscal Operations; Rep. Fred Brown; Rep. Spetking; Glen Vernon, Fiscal Analyst;

Log #	Description
1544	Malen - what are increases - reasons for the
1560	Snowden - changes - magistrate system
1594	Barrier - explanation of \$16 million figure
1830	Spetking -
1632	Barrier - maintenance
1649	summary of added dollars
1655	what's included in maintenance level
1665	costs of new parking facilities
1678	retirement cost
1680	Snowden - maintenance of parking garage - Fairbanks
1696	Cooper - Fairbanks city's need for parking
1714	Spetking - how is inflation computed - Barrier answer
1743	Barrier - commodities budget higher than
	executive branch allowed (15% inflation)
1783	Spetking - how is 30% postage increase justified -
	Barrier response
1800	Barrier - travel, juror cost
1818	Guening - increase in criminal charges - Snowden
	response
1848	civil trials
1863	Guening - what's increase in trials over the
	past. - Snowden response.

Tape #: H 76-21

RECORDER LOG

Date: 2-13-76

Beg. #: \_\_\_\_\_

(2)

8:55

End #: \_\_\_\_\_

General Subject: Justice budget

Present:

Log #	Description
1895	<u>Snowden - jury costs</u>
1912	<u>Cowper - reason for Fairbanks increase in jury costs</u>
1936	<u>Snowden - going to trial on every case is a tactic</u>
1943	<u>Cowper -</u>
1950	<u>Barrier - sometimes guilt can't be proven</u>
1960	<u>Snowden - point system on dividing prepaid legal services</u>
1972	<u>speaking - transfers prepaid legal</u>
1984	<u>Brown - nonrecurring expense in '76 - Barrier response</u>
2011	<u>Buckholdt - # magistrates in state, qualifications - Snowden response</u>
2027	<u>Snowden - removal of 6 month residency requirement for acting magistrates</u>
2045	<u>magistrate training programs</u>
2062	<u>Shuring - new position requests - Barrier response</u>
2153	<u>Snowden - consolidation of clerk's offices</u>
2165	<u>Shuring - justification for new positions - Barrier response</u>
2180	<u>Snowden - paring down of requests</u>

Tape #: H 76 - 21

RECORDER LOG

Date: 2-13-76

Beg. #: \_\_\_\_\_

(3)

8:55

End #: \_\_\_\_\_

Central Subject: Justice budget

Present: \_\_\_\_\_

Log #	Description
2194	Thuring - increase in work load - Snowden response - annual report in the works
2243	Thuring - Ernie Friesen report - Snowden response
2264	Anchorage Task Force
2287	Cowper - system for bid logging motions - Snowden response
2323	Brown - was Friesen report only dealing with Anchorage - Snowden response
2342	Brown - transcriber trainee position - Turbaker transcript backlog - Barner response
2405	Snowden response - appellant delay study
2447	Atla - magistrate advisory committee, who makes it up - Snowden response - members names
2477	communication between advisory committee and magistrates
2488	recommendations on magistrate problem
2523	meeting adjourned 10 a.m.

Tape #: H76-21

RECORDER LOG

Date: 2-13-76

Beg. #: 2524

11:05 -

End #: 3379

12:15

General Subject: Justice - budget

Present: Reps. Malone, Buchholdt, Atta, Naughton, Hays, Cowper, Hanger - Arthur Snowden, Admin Dir of Courts; Richard Barner, Fiscal Operations; Rep. speaking;

Log #	Description
2537	Atta - Barrow magistrates - how are vacations handled - Snowden response
2555	Malone - transcript delay - Snowden response
2570	Malone - judges influence on getting transcript - Snowden response
2595	Cowper - private transcribers - Snowden response
2617	Snowden - Appellate delay
2653	Warwick case -
2665	Limited entry
2668	Confirmation of deputy commissioners
2685	Supreme court transcription
2694	Turnover related to pipeline -
2708	Buchholdt - usual delay on appeal - Snowden response
2736	Cowper - policy on processing cases for second judicial district - Snowden response
2757	Hanger - rent schedule - Snowden maintenance, Ketchikan
2775	Cowper - schedule of amortization - Anchorage bldg
2787	Cowper - arrangement with ASHA in lease program
2798	Hanger - rent costs
2805	Snowden - lease backs in Bethel and Barrow

Beg. #: \_\_\_\_\_

(2)

End #: \_\_\_\_\_

General Subject: Justice - Budget

Present: \_\_\_\_\_

Log #	Description
2817	Haugen - Yakutat rent
2833	Malone - status of payments municipalities are making - Snowden
2852	Malone - amount estimated, amount collected from municipalities - Barrier request for list of billings to date.
2875	Haugen - Wrangell courthouse
2890	Haugen - cost for building square foot of space - Snowden, plans for Barrow
2910	Haugen - Jensen building
2920	Snowden - some buildings are built nonfunctional
2931	Cooper - Kenai bldg - Snowden
2947	Barrier - Kenai bldg. ventilation
2955	Capital budget - Snowden
2960	bond issue for court buildings
2972	maintenance + improvement
2984	Barrow bldg.
2990	Kenai, Fairbanks, Sitka
2997	HB 614 - Malone - difference in figures - Barrier
3012	inflation affect on cost
3020	Kenai bldg. improvement

Tape #: H 76-21

RECORDER LOG

Date: 2-13-76

Beg. #: \_\_\_\_\_

(3)

End #: \_\_\_\_\_

General Subject: Justice - budget

Present: \_\_\_\_\_

Log #	Description
3025	Barrow cost
3043	Malone - Barrow snapshots - Snowden
3120	Snowden - Fairbanks court bldg.
3145	Kenai court bldg.
3161	Sitka court & office bldg.
3166	Anchorage bldg - carpeting, light fixtures
3172	Kodiak
3181	Bethel
3196	Cowper - one judge in Bethel for superior & district court
3208	Snowden - Bristol Bay
3214	Regional courthouses
3226	Malone - \$ 700,000 appropriation - Snowden
3237	Barrier - \$ 650,000 still available
3241	Malone - status of annual report - Snowden (2nd week of March)
3250	Malone - statement of policy, long range plan - Snowden - LEAA money
3270	Malone - Weighted case loads paper - request for comments within 2 weeks
3285	Snowden - differences in Alaska & California



Tape #: H76-22

RECORDER LOG

Date: 2-13-76  
1:40 p.m.

Beg. #: 0000

End #: 2652

General Subject: Highways - budget

Present: Ross, Malone, Haugen, Atta, Duncan, Guy, Buchholdt,

Compton, Amey, Naughton, Walter Parker, Commissioner of Highways;  
Dennig Dowley, Exec. Asst. to Comm; Dick Chitty, Dir. Admin. Servs;  
Ray Hummel, Asst. - Ware Director; Sandy Williams, Maintenance Dir;  
Bruce Freitag, Hwy Work Capt; Tom Barnes + Carl Gordon, Analysts;  
Log # Alison Thurnan, Reg. Time Description Kent Dawson, Rpt + Mtg;

- 0000 meeting convened - 1:40
- 0038 ~~Parker~~ Malone - request for assessment of budget
- 0052 Parker - overall goals - list and explanation
- 0241 maintenance budget
- 0255 efforts to maximize use of federal funds
- 0284 5-year highway plan
- 97 FY 77 Operating budget
- commissioner's contingency fund
- 0362 Parker - icing problems
- 0383 no contingency fund FY 77
- 0416 Parker - Hwy capital working fund
- 0420 replacement of equipment
- 0472 Parker - joint meetings
- 0496 Parker - Advantages to user-operator approach  
to replacement ~~and~~ ~~of~~ of equipment
- 0603 Parker - working capital fund
- 0641 Malone - decision on whether equipment needed,  
who reviews - Parker response
- 0684 Malone - justification of equipment - Freitag response
- 0699 Parker - Equipment replacement review
- 0736 Car pooling - rental of equipment

Tape #: H 76-22

## RECORDER LOG

Date: 2-13-76

Beg. #: \_\_\_\_\_

(2)

End #: \_\_\_\_\_

General Subject: Highways - budget

Present: \_\_\_\_\_

Log #	Description
0759	Parker - Rental car use
0773	Malone - Operations - Hwy Working Capital Fund - Parker response
0811	Chart - how system revolves - state equipment fleets, explanation - Parker
0888	Duncan - monthly fixed fee rates (Parker)
0899	Parker - user agencies common grounds - maintenance
0995	Malone - Feb. 13 memo - new equipment (\$16 million)
1020	Buchholdt - where are vehicles located, #, what condition - (Parker) (Friday)
1072	repair stations
1090	repairs on snow removal equipment
1125	problems getting mechanics
1132	Buchholdt - turnover to pipeline - Parker
1149	Naughton - Kodak snow removal
1180	Williams - changes in equipment
1196	Malone - replacement equipment - March 13 list of inventory (Friday)
1240	Malone - How is decision made to buy a new piece of equipment - justification
12	Dawson - justified in budget request

Tape #: H76-22RECORDER LOGDate: 2-13-76

Beg. #: \_\_\_\_\_

End #: \_\_\_\_\_

(3)

General Subject: Highway - budget

Present: \_\_\_\_\_

Log #	Description
1309	Parker - maintenance back up to villagers
1328	Duncan - surplus snow removal equipment (Friday)
1355	Friday - <del>the</del> surplus vehicle sales village needs
1390	
1403	Haug - Appropriation to working capital fund - '76
1448	Friday
1461	Malone - Appropriation '76
1483	Parker - Working capital fund
1492	Comper - federal money for highway maintenance - status (Parker)
1520	What changes will be effected by passage of bill - timing
1585	Comper - priority on repair, Richardson
1599	Malone - Damage to roads - reduction in permit program (Parker) overload problems & punishment
1666	Malone - reduction in effort - "overweight program
1686	Dawson - truck traffic with pipeline

Tape #: H76-22

RECORDER LOG

Date: 2-13-76

Beg. #: \_\_\_\_\_

(4)

End #: \_\_\_\_\_

General Subject: Highway - budget

Present: \_\_\_\_\_

Log #	Description
1695	Parker
1699	Malone - *70 million - refund from resource revenues (Parker)
1724	relationships energy, programs & transportation
1747	Malone - Review by Secty of Transportation (Parker)
1766	Parker - study of Alaska's Hwys
1777	Parker - Secty Coleman's report - support from fed's
1795	Dooly - Report on adequacy of Alaska roads
1816	Hansen - Seward Hwy - (Parker)
1866	Parker - 3 projects on Seward Hwy - flood, improvement,
1883	Parker - OCS development - Seward Hwy (Hansen, fishing traffic)
1905	Malone - state funds vs. federal funds
1926	Recess 3:10

Tape #: H 76-22

RECORDER LOG

Date: 2-13-76

Beg. #: 1927

(5) Continuation of 1:40 meeting

End #: 2652

General Subject: Highway - budget

Present:

Log #	Description
1927	meeting reconvened at 3:35
1937	Malone - What funds available = state, federal
1955	Parker - authorization represented by totals
1963	areas of concern
1980	rural & urban monies
2000	bond issue
<del>2009</del>	<del>present log</del>
2033	federal primary & secondary funds
2044	local service roads & trails
2057	impact funding
2081	5 year program
2087	Malone - breakdown anticipated federal highway funds - state matches required -
2112	Parker - Highway Act
2125	pipeline impact
2139	Parker - 5 year program
<del>2177</del>	<del>state highway construction completed, state could be</del>
2197	interference with states rights re-prioritization of Hwy programs
2225	Malone - mechanism for making changes during interim

Tape #: H 76-22

RECORDER LOG

Date: 2-13-76

Beg. #: \_\_\_\_\_

(6)

End #: 2652

General Subject: Highway - budget

Present:

Log #	Description
2236	Seward Hwy reconstruction
2257	Parker - importance of interim communication
2275	Seward Hwy
2294	Track record on prior 5 year program good
2321	Haugen - right of way on Seward - Anchorage Hwy.
2348	Parker - meetings with BLM
2366	Calendar '75 - 55 projects reported. 52 will be underway in '77
2387	Parker - interior district southeast western southcentral
2409	Haugen - Seward Hwy
2432	'75 - 39 Projects under contract or completed
2449	Malone - requests for amounts on contract inflation experience
2466	Parker - contracting
2480	Parker - southeast contractors
2490	Haugen - Skagway road progress (Parker response)
2506	Parker - Report on Egan Drive problems
2569	Parker - Skagway Rd.
2590	Malone - Any projects added to '75 list
2616	Information requested
2652	meeting adjourned 4:25.

STATE  
of ALASKA**MEMORANDUM**TO:  Rep. Hugh Malone, Chairman  
House Finance CommitteeFROM: Walter B. Parker  
Commissioner of Highways

DATE : February 13, 1976

FILE: 41-1137

SUBJECT: Legislative Intent,  
Equipment Replacement 1977 FY

During October 1975 the Commissioners of the Department of Highways and Administration and their respective staffs met to determine how to best satisfy legislative intent in the best interest of the State of Alaska regarding replacement of Working Capital Fund equipment.

It was agreed that legislative intent would be satisfied and a better final product developed if replacement funds remained in the Working Capital Fund and equipment personnel worked with user agencies and jointly decided on what equipment should be replaced. This program was reviewed with Jay Hogan, Legislative Finance Analyst, and Gary Peska, Legislative Auditor. Neither had any objection to legislative intent being handled in the above manner.

The Division of Budget Management requested that a tentative equipment replacement listing be prepared which would be used to compare to the equipment listing as developed by the user/State equipment fleet personnel involved in the task force attached for your information.

Tentative allocations of dollars available for equipment replacement were distributed to district equipment managers to give them a ball park figure on regional funds available for replacing equipment. This allocation was necessary as user needs exceeded fund available by 100%.

Basic procedure used in the joint meeting was to review user requirements for equipment along with life cycle costing history including gain on current assigned equipment. The gain figure represents revenue remaining for replacement after subtracting direct operating costs.

These meetings were a give and take session as the user frequently wanted to upgrade his equipment and was, because of increased efficiency of the new equipment, willing to give up other equipment or replace on a less than one for one ratio.

Summary schedules will be prepared showing joint replacement of equipment by department as compared to a listing prepared by equipment personnel with limited user input.

Advantages to this user/operator task force rather than user replacement program are:

1. The user communicates directly with the people procuring equipment and the equipment is properly matched to the work to be performed.
2. Uniform method of replacement to include inflationary factors.
3. Uniform distribution of costs to the user agency and State budget over the years.
4. Provides for centralization of equipment personnel knowledgeable in vehicle life cycle costs, etc.
5. Operating costs and replacement costs must be evaluated to determine break even points when replacement should be accomplished.
6. Provides for multi-use of equipment to different agencies/ i.e garbage packers.
7. Provides compulsory review by user of equipment costs when F/F is charged.
8. Provides an overall cost review of State equipment rental rates to commercial or private rental rates.
9. Provides centralized control over equipment purchasing and provides savings by quantity buying.
10. With the exception of Highways, Public Works and Public Safety, agency personnel do not have the data or the knowledge to determine when a vehicle should be replaced.
11. Combined drive assists both the user and operator in arriving at the optimum type of equipment for the job to be performed.
12. Provides for efficient utilization of resources and discourages duplication of effort.
13. Without ownership costs (fixed fee) total equipment costs are meaningless.
14. Provides for independent review of equipment.
15. Would not get Federal aid on ownership cost to program.

The study being conducted with the user will determine if proper replacement is occurring. Proper assignment of equipment remains to be completed. State Equipment Fleet personnel have worked cooperatively with the Governor's Energy Office in securing user input into use of State equipment. The results of this study will be:

1. To determine individual usage placed on user equipment and determine if the fleet can be reduced or supplement the leased fleet estimated at 180 vehicles.
2. Determine proper and improper assignment of equipment.
3. Determine operator abuse or misuse.

At this point in time we cannot justify if a user should have a vehicle to perform a program function but we can justify if currently assigned equipment should be replaced.

STATE EQUIPMENT FLEET  
USER AGENCY INVOLVEMENT  
1977 EQUIPMENT REPLACEMENT

<u>Date</u>	<u>Agency</u>	
2/6/76	Highway Maintenance (Nome)	Henry Springer, District Engineer Ronald Davena, Dist. Operations Engineer Charles Lewis, Dist. Equipment Superintendent Thomas A. Johnson, State Equipment Manager
2/3,4,5/76	Highways Maintenance (Fairbanks)	Woodrow Johansen, District Engineer Ron Doner, Dist. Maintenance Engineer Bruce Robinson, Dist. Maintenance Supervisor Donald McKee, Dist. Equipment Superintendent Thomas A. Johnson, State Equipment Manager William L. McIlroy, Automotive Equip. Super.
2/5/76	Highways, Pre-Construction (Fairbanks)	Andy Zehare, Pre-Construction Engineer Thomas A. Johnson, State Equipment Manager
1/29,30/76	Highways Maintenance (Anchorage)	Jack Spake, District Engineer John Bates, Dist. Maintenance Engineer John Horn, Asst. Dist. Maint. Engineer Frank Lee, Maintenance Supervisor Thomas A. Johnson, State Equipment Manager William L. McIlroy, Automotive Equip. Super. Bruce R. Freitag, Management Services Officer C. A. Brauch, Dist. Equipment Manager
1/30/76	Department of Commerce (W&M)	Lois Cook, Director, Div. of Admin. Services Jim Bruce, Weights and Measures Thomas A. Johnson, State Equipment Manager Bruce R. Freitag, Management Services Officer
1/31/76	Agriculture Division	Al Lind Thomas A. Johnson, State Equipment Manager Bruce R. Freitag, Management Services Officer
2/4/76	Department of Public Safety (Anchorage)	Pat Wellington, Director, Div. of State Troopers Archie Barber, Captain, Div. of State Troopers Bob Pennan, Captain, Div. of State Troopers C. A. Brauch, Dist. Equipment Manager Joseph C. Roper, State Master Mechanic Bruce R. Freitag, Management Services Officer
2/3/76	Division of Lands	Dale Tubbs, Deputy Director, Div. of Lands George Hollett, State Forester Bruce R. Freitag, Management Service Officer
2/3/76	Division of Parks	Bruce R. Freitag, Management Services Officer John Pierog, Chief of Park Development
2/5,6/76	Highways Maintenance (Valdez)	Joseph C. Roper, State Master Mechanic Bruce R. Freitag, Management Services Officer Dick Walker, Dist. Maintenance Engineer

STATE EQUIPMENT FLEET  
USER AGENCY INVOLVEMENT  
1977 EQUIPMENT REPLACEMENT

Date

Agency

2/6/76

Highways Materials  
(Valdez)

Bruce R. Freitag, Management Services Officer  
Joseph C. Roper, State Master Mechanic  
Dick Walker, Dist. Maintenance Engineer  
Jerry Roach, Dist. Materials Engineer  
Dean Reddick, Dist. Engineer  
Fred Harding, Dist. Pre-Const. Engineer

2/6/76

Highways Construction  
(Valdez)

Bruce Freitag, Management Services Officer  
Dick Walker, Dist. Maintenance Engineer  
Joseph C. Roper, State Master Mechanic  
Dean Reddick, District Engineer  
Bob Eder, Dist. Construction Engineer

**PROPOSED MEETINGS**

2/11/76	<b>Southeast District Maintenance Southeast District Construction Southeast District Pre-Construction</b>
2/17/76	<b>Health &amp; Social Services</b>
2/18/76	<b>Commerce (Anchorage)</b>
2/19/76	<b>Public Safety (Anchorage)</b>