

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2679

a small business loan. He stated a section of the act insures fishing boats. There was discussion on the bottom fishing industry and on foreign and domestic fishing operations. There was further discussion on whether the PF was the proper fund to take care of this. Mr. Gallagher stated the other funds should be used, but they are tied up in loans--mainly housing. He stated 38% of national market money goes into houses.

Representative Gruening asked that Mr. Gallagher comment on section (i), page 11, of the CSHB 596 relating to risk level. Mr. Gallagher stated it is written in a negative sense. There was further discussion on the prudent-man rule and how it applies to trust law. Mr. Gallagher stated he felt the \$100 million in AEIC is destined for failure as it is too small.

Chairman Cowper asked Mr. Gallagher to explain the Department's policy regarding the proposed amendments.

DEPARTMENT
OF REVENUE
AMENDMENTS

Mr. Gallagher stated the first three amendments have to do with how much is being invested in Alaska. He stated the first would include AEIC as the recipient of a portion of the principal to be allocated to the PF. He stated Amendment 2 decreases the amount that goes into APFC to 50%; and Amendment 3 increases the amount contributed to AEIC to 50% of the receipts.

Mr. Edenso advised Amendment 4 removes the limitation that only future generations benefit from the PF.

Mr. Gallagher stated Amendment 5 would include the Commissioner of Revenue as a non-voting member of the Board of Trustees. As he is responsible for all the State's funds, he should be a member. He stated Amendment 6 increases from two members to three members the Board of Trustees for quorum purposes.

Mr. Gallagher advised Amendment 7 deals with the staffing requirements for the separate Board of Trustees. He stated he feels management outside the Department is unnecessary, as he doesn't see reason to hire additional staff. He stated this would result in substantial savings if management were kept under Department of Revenue.

Mr. Gallagher stated Amendment 8 clarifies the wording for prudent-man rule for investment; and Amendment 9 clarifies the reasonable diversification clause.

Mr. Gallagher advised Amendment 10 deals with prohibition of the APFC working with existing State agencies or departments. He stated Administration feels it desirable APFC cooperate with existing State programs.

Mr. Gallagher stated Amendment 11 deals with a reserve clause, which sets up loan-losses just like any other lending institution. He was asked to explain income averaging techniques with regard to Amendment 12. He stated he felt it confusing and unnecessary, as current accounting practices clearly allow for the identification of income through investments.

Mr. Gallagher asked Chairman Cowper if it was his intent the Committee move the bill out today, and Chairman Cowper indicated yes. However, Committee members indicated they needed more time for evaluation. Mr. Gallagher stated he would like to have time to read over the committee substitute for HB 596, as he had been out of town and had not received a copy prior to his testimony today. Chairman Cowper stated he had proceeded under the assumption there was substantial agreement on this bill and that CSHB 596 has been reviewed by the Department of Revenue. He stated it was his intent the Committee continue consideration of this bill on Thursday morning, March 9, at 8:30 a.m.

HB 596
HELD OVER

Representative Gruening requested additional background information on the current fiscal note, and Mr. Gallagher stated he would like to prepare an alternate fiscal note.

Chairman Cowper called a 10-minute recess, stating the Committee would hear testimony on the University of Alaska budget when the meeting reconvened.

[The meeting recessed at 2:55 p.m. and reconvened at 3:05 p.m.]

RECESS

Chairman Cowper asked that the budget overview be presented with regard to the policy it reflects and how it differs from last year.

UNIVERSITY
OF ALASKA

Dr. Fate stated Dr. Brewer would present the budget overview. Dr. Brewer passed out to the Committee a yellow-covered document (summary book) containing the budget as prepared by the University of Alaska. He stated the UA system is divided into 21 BRUs, with 15 of these relating to the community colleges. He advised 3 BRUs deal with the major UA campuses--Juneau, Anchorage, Fairbanks--and 3 BRUs relate to Statewide Administration. In answer to a question by Chairman Cowper, he stated Organized Research falls under the Fairbanks campus as one of their BRUs.

BUDGET
OVERVIEW

There was some confusion between the short form and the summary book, with Mr. Scott informing the Committee the UA summary book and the short form are not in sequence.

Dr. Brewer stated page 6 (following Table of Contents) of the summary book relates to the General Fund or Unrestricted Fund 1, with a breakdown by BRU. He stated the total of

this fund \$90,960.8 plus the total of the Restricted Fund on page 1 of the summary book of \$47,371.9 makes the total UA budget request \$138,332.7. He advised Board of Regents Statewide Administration and Statewide Services added together would exceed \$8 million. Chairman Cowper asked the percentage increase over FY 78. Dr. Brewer replied it is a combination of 3.55% increase for salaries in Personal Services plus 6% increase for inflation. He stated the base is \$67.5 million, with an increase to \$70.8 million, which is just under a 5% total increase.

Mr. Scott stated the schedule he passed out shows the changes for the short form as of February 24. He said the total is \$138,664.3 or \$300,000 more. Mr. Scott stated UA did not submit a budget request for the current year. Chairman asked about the figures on page 5 of the short form. Mr. Scott advised the Governor picked a lump sum figure by the budget received last Monday. He stated there should be a letter today.

Ms. Thomas stated the Governor added 6% to all the UA figures. Chairman Cowper asked if the Governor planned to rework these figures, and Ms. Thomas replied he planned to submit a budget amendment.

There was discussion on the Board of Regents maintenance budget. Mr. Scott stated this is an increase from the figure the Committee received in the short form.

BOARD OF
REGENTS

There was discussion as to what the five positions in the Board of Regents' office were. They are: comptroller, executive secretary, secretary to the executive secretary, and two internal auditors. Mr. Scott stated the short form shows a new position listing for the comptroller, which would make it a full-time position in FY 79. He stated UA only budgeted that position for seven months in FY 78. Chairman Cowper asked if there was a full-time comptroller now, and Dr. Brewer replied they currently have an acting comptroller and are in the process of advertising for a full-time permanent comptroller. There was discussion of the executive secretary's (Dixie Brown) function.

Chairman Cowper asked about the figure in Contractual Services and what it related to. Dr. Brewer stated \$75,000 is for the independent audit by Ray Koehler, that was not previously budgeted.

Dr. Brewer stated during the December session with the Governor, some changes were made in Statewide Administration that related to the executive secretary of the Board of Regents. There was discussion on matching unit and non-unit salaries. President Diebold stated UA was working with four different schedules: APT salary schedule, collective bargaining schedule, president's schedule and classified schedule. There was discussion of salary

STATEWIDE
ADMINISTRATION

schedules with regard to the 12% increase in Maintenance. There was discussion on action being taken to convert the UA budget to the standardized short form format. Dr. Brewer stated reconciliation of UA budget and short form appears on page 13 of the UA summary book, with regard to the Board of Regents and Statewide Administration.

Dr. Brewer stated the personnel in the President's Office consisted of the president, secretary and internal auditor for academic affairs. There was discussion on this.

PRESIDENT'S
OFFICE

Dr. Tillsworth stated institutional planning consisted of a director, analyst, technician and secretary. There was discussion on their various functions and the function of the labor pool. Mr. Scott stated he would have a list to the Committee for tomorrow afternoon's meeting.

INSTITUTIONAL
PLANNING

Chairman Cowper asked about the differences between institutional and facilities planning. President Diebold replied institutional planning gathers together all the backup data and facilities planning and construction is primarily concerned with buildings, supported mostly by bonds. There was discussion on the problem of building maintenance, and Mr. Abel stated his staff is currently overseeing the construction people. Chairman Cowper asked if the planning facilities people included janitorial services and was informed it did.

FACILITIES
PLANNING

Chairman Cowper asked for an explanation of the positions in the Personnel Relations Department. President Diebold stated currently the Personnel Director's position is vacant, as Dr. Humphrey elected not to fill that position after President Diebold's approval by the Board. There was discussion of statewide personnel and if all the positions were necessary. In answer to a question, President Diebold stated Mr. Westman, Director of Collective Bargaining, is from Michigan where he had held a similar position; and Mr. Dolan is a graduate of Texas Tech. He stated only Mr. Westman works full time in the collective bargaining area.

PERSONNEL
RELATIONS
DEPARTMENT

[At this time, Chairman Cowper announced HB 133 would be addressed tomorrow morning at 8:30 a.m. and hearings on the University of Alaska budget would continue tomorrow afternoon at 1:15 p.m.]

There was discussion on the attorney's expertise.

Chairman Cowper commented that in contracts awarded in years past, it appears that the University was incompetent in the types of contracts they approved. He stated they just turned them over to the Legislature to handle financing. He stated this was not good management. He recommended the UA hire a

CONTRACTS

professional to do their collective bargaining. President Diebold concurred they were not in a comfortable position. There was further discussion on collective bargaining.

Mr. Mason West stated he believes the Board of Regents made a serious error when they determined the President cannot enter into a labor agreement unless the full Board approves. President Diebold stated the notion of ratification of collective bargaining is not an unusual one. He stated the Board's reasoning behind this was that agreements in the past have been negotiated and already signed before the Board was aware of them.

Chairman Cowper asked if in the area of Accounting Services there were actually five accountants and eight technicians and clerks on the board. Dr. Brewer stated there were two vacant accountant positions. There was brief discussion on the vacant positions. Mr. Scott asked if there was any increase in positions between last year and this year. Dr. Brewer stated what is being proposed is that there will be no differential in positions between FY 78 and FY 79. He stated there will be some differences in positions.

ACCOUNTING
SERVICES

President Diebold stated that, in previous years, they used "fallout" from fringe benefits for positions. He stated this year they are making the budget "honest". He stated if there is a position that is needed, it is shown and not buried in "fallout". He advised they are requesting some additional positions. Dr. Brewer stated they are requesting five additional positions. He stated there are presently 29 positions, including the director. There was further discussion on this office.

Chairman Cowper asked if the University had considered whether Risk Management should be delegated to the State or whether it should remain on campus. Dr. Brewer stated they considered this and feel it is more efficient to have it on campus rather than go to a State agency in that they have better control.

RISK
MANAGEMENT

Chairman Cowper asked what the Systems Development people do. Dr. Brewer stated the function will have to do with the statewide system as it relates to management systems. Mr. Scott questioned Indirect Cost Recovery on page 13, which indicates \$620.0 for FY 78 and zero for FY 79. Dr. Brewer stated there is a change in indirect costs remaining in research. He stated there will be no billing in FY 79; the indirect cost will go under research and supplant the utilization of general funds. There was further discussion on this. Mr. Scott asked if they anticipated any problems with the federal auditors relating to this, and Dr. Brewer stated he posed the question to the auditor

SYSTEMS
DEVELOPMENT

as they were billed on a pro rata basis. He stated the answer was when funds come in, how the University treats them is strictly internal. He stated indirect costs with federal monies coming in is part of the federal contract, and how the money is utilized after the fact is up to the the University.

Chairman Cowper referred to page 16 and asked the status of the SCT Contract at this time. Dr. Brewer stated the contract document has been simplified and is now 2-1/2 pages. Chairman Cowper asked if the contract would be renewed. Dr. Brewer stated he has been directed to make a report to the Regents as to whether or not the contract should be renewed or if UA should go on their own on June 30, 1981.

SCT CONTRACT

Chairman Cowper asked if the system is adequate for the University. Dr. Brewer stated he thinks the present equipment capability is excellent. He stated he feels the system in terms of the IBIS system, which will be implemented July 1, 1979, will better serve the University's purposes than what has been the case in the past. There was discussion on IBIS (Business Information Service).

There was discussion on the SCT Contract. Chairman Cowper asked what the \$3,154.5 for computer services was for. Dr. Brewer stated they have two types of budgets. The first is "Budget A", which relates to personal services. He advised that "Budget B" has to do with equipment. He stated \$1,985.6 of the \$3,154.5 is for personnel costs in Budget A; \$698,700 is for equipment costs in Budget B. Chairman Cowper asked where SCT makes its profit. Dr. Brewer advised they receive a 7% fee on commodities and equipment and 15% for personal services. There was further discussion on personal services.

The meeting adjourned at 5:30 p.m.

ADJOURN

HFC 78-27 #1159 to End
78-28 #0001 to End
78-29 #0001 to #1725

HOUSE FINANCE COMMITTEE
March 7, 1978
8:40 a.m.

All members of the Committee were in attendance, with Representatives Freeman, Schaeffer, Gruening, Meekins and Guy arriving later in the meeting. Also in attendance were Representative Rudd, Community and Regional Affairs Committee; Pat Conheady, Department of Natural Resources; Jack Chenoweth, Legislative Affairs.

PRESENT

Chairman Cowper called the meeting to order and established that a quorum was present. He stated the Committee would address (Finance CS) HB 133:

HB 133

"An Act relating to selection and transfer of state land to municipalities; and providing for an effective date."

[Representatives Freeman and Schaeffer arrived at this time.]

Chairman Cowper asked Vice Chairman Freeman for a brief summary of the last meeting HB 133 was considered. Representative Freeman advised both his amendment and Representative Swanson's amendment were approved and incorporated into the Finance Committee Substitute as noted on pages 3 and 16.

Chairman Cowper stated it was his intent the Committee address each section separately and move for adoption.

Chairman Cowper moved that Sec. 1 (201), Determination of Entitlement of Boroughs and Unified Municipalities, be adopted. There being no objection, it was so ordered.

Chairman Cowper stated in Sec. 202, In-Lieu Entitlements for Certain Boroughs and Unified Municipalities, he had a suggested amendment to section (b), line 20, which would delete "effective date of this Act" and insert "date on which written notice from the director, division of lands, of the requirement of such election is actually received by the municipality." Chairman Cowper moved this be adopted; there being no objections, it was so ordered.

FINANCE
CS HB 133
Sec. 202(b)
AMENDED

Representative Freeman commented that previous sections (c) and (d), page 2, relating to mandatory disposal of land, were replaced with his amendments, which would allow the municipalities reasonable time.

[Representative Gruening arrived at this time.]

Representative Gruening proposed amendatory language to Sec. 202(e)(1), page 4, which would delete "for selection and commitment for that purpose; or" and insert "to meet the requirements of (c)(2) of this section;". Chairman Cowper moved Sec. 202, with the amendatory language be adopted. Representative Freeman objected, then withdrew his objection. There being no further objection, it was so ordered.

FINANCE
CS HB 133
Sec. 202(e)1)
AMENDED

Sec. 203, Determination of Entitlement for Cities; Sec. 204, Status of Entitlements; Sec. 205, Fulfillment of Land Entitlements; Sec. 206, School, University and Mental Health Land; Sec. 207, Selection and Conveyance Procedure were brought up. Mr. Chenoweth advised Secs. 204, 205 and 207 had amendatory language. As there were no objections to these sections, they were adopted.

[Representative Meekins arrived at this time.]

There was a brief discussion on Sec. 208, Payment In Lieu of Land, with regard to inflation. Chairman Cowper advised there is no inflationary consideration given as most of these payments would take place the first year. Population figures and the \$100 per capita were discussed. Chairman Cowper moved this section be adopted. As there were no objections, it was so ordered.

Sec. 209, Authorization for Land Exchanges; Sec. 210, Public Purpose and Expansion Needs; Sec. 211, Election of Benefits; Sec. 212, Administration, were adopted as there were no objections.

Chairman Cowper asked if there were any changes in Secs. 213-216. Mr. Chenoweth replied definitions of mental health and university lands was added. Chairman Cowper moved these remaining sections, under Sec. 2, be adopted. There being no objection, it was so ordered.

Sec. 2
ADOPTED

Sec. 3 (321), Restriction on Sale, Lease or Other Disposal of Agricultural and Grazing Land, was adopted as there were no objections.

Sec. 3
ADOPTED

Chairman Cowper stated Sec. 4 and Sec. 5 (185), State Land for Newly Incorporated Boroughs, would be addressed together.

Representative Swanson restated his idea for making a blanket selection of 25,000 acres of land to be set aside for future boroughs. There was much discussion on this

subject. There was a question of this method being fair to present boroughs. The 21 REAAs in the State were discussed with regard to the 25,000 acre figure, in that many do not have that much land and may elect not to form boroughs at all.

Representative Freeman commented that, in his district, some of the communities did not want to form boroughs and that it was their right and privilege. He stated he objected to this amendment because it mandate selection of land, which would tie it up indefinitely. He stated he feels it is wrong to let the land sit idle. It was brought up that possibly a time limit could be set.

[Representative Guy arrived at this time.]

Chairman Cowper asked Mr. Conheady to comment on this amendment, with regard to how it would affect his division. Mr. Conheady stated he could see no difficulty with this section, in that the selection would be made from remaining entitlements.

Representative Guy advised that, in his district, many of the people do not want to form boroughs at this time; however, as the region becomes more advanced, they would like to have this opportunity to be able to select land when they do decide to form boroughs. Chairman Cowper stated he feels the unorganized borough should have a pool of land in which to draw from but that they should not have a better deal than the boroughs already organized. Representative Guy expressed his concern that this land may not be available in the future if it is not reserved now. Representative Meekins stated he favored this amendment as a way to alleviate some of the inequities regarding his 2-2-1 formula. There was brief discussion of applying this formula to future boroughs.

Representative Swanson moved that Sec. 4 and 5 be adopted. As there were no further objections (6 in favor), these sections were adopted.

Secs. 4 & 5
ADOPTED

Mr. Chenoweth gave a brief description of what was repealed under Sec. 6, and this section was adopted.

Sec. 6
ADOPTED

Chairman Cowper moved and asked unanimous consent that Finance Committee Substitute for HB 133 be reported out with the amendatory language as noted on pages 2 and 4. There being no objection, it was so ordered. Finance Committee Substitute for HB 133 was reported out with a majority recommending a "do pass".

FINANCE
CS HB 133
REPORTED OUT

The meeting adjourned at 9:50 a.m.

ADJOURN

HFC 78-30 #0001 - #1418

HOUSE FINANCE COMMITTEE

March 7, 1978

1:40 p.m.

All members of the Committee were in attendance except Representatives Schaeffer, Guy and Duncan. Chairman Cowper arrived later in the meeting. In attendance from the University of Alaska: Foster Diebold, President; Dr. Earle Brewer, VP, Finance; Chancellor Pat O'Rourke, REA's; Ashok Dhingra, Statewide Budget Office; and Hugh Fate, President, Board of Regents. Also in attendance: Barbara Thomas, Budget and Management; Rick Davidge, Student; Dave Scott, Legislative Finance Division.

PRESENT

In the absence of Chairman Cowper, Vice-Chairman Freeman called the meeting to order and stated that discussion would continue on the University of Alaska budget.

UNIVERSITY
OF ALASKA

Mr. Scott presented four hand-outs concerning the overall University budget and explained what they were.

[Chairman Cowper arrived at this time.]

Representative Gruening asked if the University had complied with the law that they must prepare their budget on state forms, the same as other agencies. Dr. Brewer stated that on December 3rd they presented forms 1, 2 and 3 to the Governor's Office. He advised that Forms 4, 5 and 6 were delivered late. He stated they would be provided to the Committee later in the afternoon. There was brief discussion on the budget preparation.

Chairman Cowper requested Committee members to turn to page 16 of the summary book, under Statewide Services, and asked what was included in the \$1125.0 for insurance. Dr. Brewer stated this included a series of items, such as insurance for fire, liability for the regents and staff, boiler and machinery, etc. He advised this amount includes premiums for twelve items.

Statewide
Services

Chairman Cowper asked if hospital insurance premiums were included here and Dr. Brewer advised that would be included under staff benefits. Chairman Cowper questioned the amount deductible under the liability policies. Dr. Brewer advised he did not have that detailed information with him. Chairman Cowper asked if the deductible was large, did they have a reserve account to pay for it. Dr. Brewer stated they did not have a reserve account, and as an example for not having one, he stated the fire policy they have. He stated the only reason there would be a need for a reserve would be if all the buildings on the campus burned down. There was further discussion on the campus.

Chairman Cowper referred to page 18 of the summary book, Organized Research, and asked if the FY 78 base is the actual projected expenditure, or if it was the budget figures that were in last year's budget bill. Dr. Brewer stated these are the budget figures, including any revised programs that have occurred. Chairman Cowper asked if the supplemental was included and Dr. Brewer stated it was. Chairman Cowper asked if there were any appropriation transfers out of Research into other components and Dr. Brewer stated there were not. President Diebold stated they transferred the WAMI program out of Organized Research and into Instruction.

Chairman Cowper asked how much of the Indirect Cost Recovery is coming out of research and being transferred to other budget components. Mr. Dhingra states some funds are being transferred to the Fairbanks campus for physical plant and institutional support. He advised this will show up in program receipts in the Fairbanks campus (page 19). There was discussion on collection of fees for services rendered by Organized Research.

Chairman Cowper asked what program receipts were in the context of the research institute. Mr. Sweet stated these are funds derived from various categories, i.e. SER sells publications. He advised that anything over a few thousand dollars would be in the form of a contract and the money would be put in restricted funds. There was brief discussion on program receipts.

Mr. Scott asked if there was a research business office under organized research. Dr. Brewer stated a separate business office is still under organization and does not appear in the FY 79 budget request. There was further discussion on this office. President Diebold stated it was his understanding that the intent for this office was to recoup accounts receivable.

In answer to a question from Mr. Scott, Mr. Dhingra stated that last December President Humphrey determined that they would establish a base budget for Organized Research at the 1978 base level. He stated maintenance is the 1978 base level, on top of which they requested an increase from Indirect Cost Recovery. He stated this is an approximate \$400,000 increase.

Chairman Cowper questioned the item for legal counsel and litigation. President Diebold stated the Board directed him to negotiate a new contract with the existing internal counsel (Dr. Grunig). In addition to this, he stated he assumed there would continue to be legal service provided by the insurance program and legal service contracted out.

He stated the feeling of the Board was that in-house counsel is necessary on a day-to-day basis. There was further discussion on counsel.

Chairman Cowper requested an explanation of statewide services, form 5, where it states "staff benefits fall-out adjusted for University insurance." President Diebold stated that "fall-out" was a phrase coined a few years ago, which had to do with overstating the fringe benefits percentage. He advised the money was used at other periods of time to meet expenditures. Dr. Brewer stated that what they have done is develop a "matrix" which comes out with exact figures. He explained that when committee members see this kind of entry, what the University is trying to do is correct this situation. A copy of the "matrix" will be provided to Mr. Scott.

Mr. Scott stated he believes the University has established this rate over the years, and it has used the same rate in federal contracts and has actually billed the federal government at this rate, rather than the true rate. He asked if the University will have to reimburse the federal government. President Diebold stated this is a possibility.

There was discussion on how the figures were arrived at on page 3 of the summary book. Mr. Scott asked if the University believes it would be appropriate to budget them at the underfunding rate like other agencies are budgeted. President Diebold stated it could be done if they had enough planning time. Representative Rhode asked what the inflation rate in the budget was. President Diebold stated 6%. Mr. Dhingra advised that any new positions were shown under increased workload.

A recess was called at 3:10 p.m. The meeting was recalled to order at 3:25 p.m.

RECESS

Chairman Cowper stated the next component to be discussed was UA/FAIRBANKS, page 19 of the summary book.

UA/Fairbanks

Chairman Cowper asked what the difference was between the FY 78 base and the \$70.8 level. Chancellor Cutler stated the \$70.8 level includes the indirect cost recovery. He stated this will come back as program receipts. Chairman Cowper asked what affect funding at the \$70.8 level will have on existing programs. Chancellor Cutler stated it could have serious affects on the programs. He stated the \$70.8 level is only maintenance, and does not include any change. He requested that the legislature address itself to the \$77.4 level.

Chancellor Cutler advised the \$77.4 level includes the following items: There was a 25% increase in the math program, and they are requesting one assistant professor;

there is a 33% increase in chemistry, and they are requesting one assistant professor; they are also requesting a second professor in the civil and electrical engineering division in order to maintain accreditation standards; they are requesting one lab assistant and one part time lab assistant in mineral and geographical engineering. He stated these positions are crucial to their accreditation program. They are asking for an increase in the number of teachers for Alaskan schools for the campus field base learning center program.

Chairman Cowper commented that the difference between the FY 78 base and the \$77.4 level in terms of the general fund is not very much (\$1.4 million), it is less than a 10% increase. He asked how the figure was arrived at. Dr. Brewer stated the figures were based on priorities as submitted by the Fairbanks administration. There was discussion on the increases requested.

Chairman Cowper asked how many people were in the math program. Chancellor Cutler stated there were approximately 1140. There was discussion on accreditation in the chemical, electrical and civil engineering program. Mr. Scott asked how many graduates there were each year in mining engineering and was advised there were approximately six each year.

Mr. Scott referred to the income for the Fairbanks Campus and stated he understands there will be a shortfall in housing receipts. Chancellor Cutler stated they expect to come out with a balanced budget in the housing area. There was brief discussion on the housing program. Chancellor Cutler stated the best estimate he can give at this time is that the housing program will break even.

Mr. Scott stated the student size is expected to increase by 20%, but student fees show only a 1% increase. He asked why. Chancellor Cutler stated once a student takes 12 credit hours he comes under a consolidated fee. He stated they projected a 4% increase in FY 79 fees which is offset by a reduction in military fees. He stated the military insisted the same fees be charged on base as are charged on campus.

Chairman Cowper asked what the difference was in the student services program. Chancellor Cutler stated this is for the job placement program. They need an administrative assistant to help their job placement operations. He advised this program places teachers in Alaskan schools. He advised this program is one of the most successful things they have undertaken. There was discussion on the program.

Chairman Cowper referred to Operation and Maintenance of Plant, and asked if this includes electrical costs paid to the University of Alaska power plant. Dr. Brewer stated that utility costs should be under operation and maintenance of plant. He advised the structure itself would not be a part of this.

Chairman Cowper asked what the term "current services" in the budget referred to. Dr. Brewer stated this is the '78 base budget, adding in salaries at 3.55%, plus inflation at 6%. He advised that "maintenance" is current services plus increased work load.

Chairman Cowper asked what "Institutional Support" was. Chancellor Cutler stated this was the administration of the Fairbanks Campus. Chairman Cowper asked if the Fairbanks business office is doing an adequate job. Chancellor Cutler stated he doesn't feel that the job is being done as well as it should be. He stated the office has been criticized by the federal auditor. He stated he believes the problem is due to lack of personnel. There was discussion on the Fairbanks business office.

Dr. Brewer stated page 16 of the summary book refers to the \$400,000 contingency reserve requested by statewide services to offset some of the cost of completion of the megastructure. He stated this is not in the budget. When asked to explain the term "megastructure", Dr. Brewer stated it is a three-part facility (housed in one large unit) composed of a gymnasium, student center and health occupational facility, located on the UAA campus. He stated the University currently does not have sufficient funds to complete this facility. He stated it is Item 45 of 75 items listed on the Priority List submitted by the former chancellor.

UA Anchorage

Chairman Cowper asked if the megastructure is open now. Dr. Brewer stated it is not open now, but should be available for occupancy July 1. Chairman Cowper asked how much it would cost to open the facility, and Dr. Brewer answered \$1,221.0 net, as there are fees coming in from activities, such as swimming.

Mr. Vaughn explained funding to complete the project basically came from two sources: an appropriation last year of approximately \$1 million to complete the student center; prior to that, federal funds (EDA grant) of \$500,000-\$600,000 made available by the Governor for completion of the ice hockey facility. He stated construction of the ice hockey rink is currently going on and that the three facilities can be used now, with that one exception. Representative Gruening asked the cost of maintenance of the facility for FY 79 and was informed \$1,050.0, which would cover maintenance and operation and public safety, plus an additional \$300,000

3/7/78

to cover the programs (student activities, athletics). Chairman Cowper asked the total cost of the megastructure, and was informed approximately \$15 million (for the three facilities). Mr. Vaughn stated \$1,358.2, which does not appear in the budget, is the total cost to complete the megastructure. Chairman Cowper asked if the facility would be used during the summer, and Dr. Wolfe replied yes, after July 1.

Mr. Scott asked if the current budget reflects the short fall at UAA and was informed it does.

There was discussion on enrollment projections. Dr. Wolfe stated the current budget projection is based on student credit hours. He stated last year it was based on head count only.

Chairman Cowper asked Dr. Wolfe to comment on the nature of the curriculum disputes between the University and the community college. Dr. Wolfe advised they are currently working on a title and number system that would standardize the curriculum. There was discussion on defining these objectives. Dr. Wolfe stated a plan for operation of the academic standardization and policy statement is currently in the hands of the faculty senate and would be addressed at the April Board of Regents meeting.

Representative Swanson the question of the Adult Literacy program being continued in the University. Chancellor O'Rourke there are no plans to take this program out at the present time, and it is currently in the budget. He stated, however, when the zero base budget is presented, it will be taken out as it is considered a specialized program and not a high priority.

Chairman Cowper announced the University budget hearings would continue tomorrow at 1:15 p.m.

The meeting adjourned at 5:30 p.m.

ADJOURN

HFC 78-30 #1418 - End
78-31 #0001 - End
78-32 #0001 - #1736

HOUSE FINANCE COMMITTEE

March 8, 1978

8:35 a.m.

All members of the Committee were in attendance, with Representatives Gruening, Meekins and Buchholdt arriving later in the meeting. Also in attendance: Representative Al Osterback; Pat Pletnikoff, Aleutian League; Robert Cole, State Office of Alcoholism and Drug Abuse; John Tillinghast, Department of Law; John Messenger, Department of Revenue; Jim Rhode, Assistant to Chairman Cowper; Milt Barker, Legislative Finance.

PRESENT

Chairman Cowper called the meeting to order and stated the Committee would hear testimony from Mr. Pletnikoff, Aleutian League, as he is in town today, on HB 728 (mobile dental clinic for residents of rural Alaska). He stated the bill is not yet in Committee, but would be referred to Finance this week.

HB 728

Mr. Pletnikoff stated what this program proposes is a pilot demonstration project to provide quality dental care in rural areas. He stated dentistry in rural Alaska is at an emergency level, as there are no dentists in those areas. He stated last year, the Aleutian-Pribilof Island Association reprogrammed \$30,000 and was able to visit three communities and spent 10 days out in the Aleutian Chain. He stated the mobile dental clinic has advantages in that it can move from place to place to service the people. In addition, he stated, this unit and dental team could be made available to others areas throughout the State. He stated this method has been used successfully in Canada and with the Navajo Indians in Arizona. He stated the unit would be staffed by volunteer dentists, hygienist and a supervisory staff of professionals. He added he has been working with Dr. Stark, University of California School of Dentistry, San Francisco.

Chairman Cowper asked how the \$200,000 appropriation would be used. Mr. Pletnikoff replied this would be a one-time expenditure of the State, with \$100,000 going toward the purchase of the mobile dental clinic--a 26-foot mobile home, equipped with three dental chairs, X-ray unit, dental equipment--and the other half being used for transportation of the clinic. It was brought up not all rural areas can accommodate C-130s. Mr. Pletnikoff stated, initially, they thought airplanes would have to be used exclusively; but now they feel the ferries can be utilized.

[Representative Gruening arrived at this time.]

Representative Swanson asked what impact this would have on services already provided by private dentists or through various health services. Mr. Pletnikoff advised he spoke

with Mr. Hank Pratt, American Dental Society, who had no objection. Mr. Pletnikoff stated the program is not designed to be in competition with any existing program; it is merely to address the emergency situation currently in the area.

[Representative Meekins arrived at this time.]

There was discussion on how the mobile dental clinic would be staffed, with Representative Gruening asking about the volunteer dentists and if they were licensed in Alaska. Mr. Pletnikoff replied most are licensed in California; however, they are not student dentists, but graduate or practicing dentists.

Chairman Cowper stated HB 728 would receive further consideration when it is referred to Finance.

HB 728
HELD OVER

Chairman Cowper brought up HB 780 for discussion:

HB 780

"An Act making a special appropriation to the National Council on Alcoholism, Alaska Region; and providing for an effective date."

[Representative Buchholdt arrived at this time.]

Mr. Cole stated this bill make a special appropriation of \$50,000 to the National Council on Alcoholism to conduct education and alcohol abuse prevention activities--seminars, workshops, radio and TV presentations--for the remainder of FY 78, as described in Position Paper (see attached). He stated the Office of Alcoholism supports and relies on NCA-AR, working through the local councils, to distribute information on alcoholism. He stated this appropriation is necessary to continue distribution of these materials. There was brief discussion on NCA-RA activities.

Chairman Cowper moved and asked unanimous consent that HB 780 be reported out of Committee. There being no objection, it was so ordered. HB 780 was reported out with a "do pass" recommendation.

HB 780
REPORTED OUT

Chairman Cowper stated the next bill to be addressed by the Committee is HB 588:

HB 588

"An Act making a supplemental appropriation to the Department of Natural Resources for repurchase of certain oil and gas leases in Kachemak Bay, pursuant to ch. 11 SLA 1976; and providing for an effective date."

Chairman Cowper stated this bill has been considered by the Committee on several occasions; therefore, he would just like to discuss the amounts of the settlements.

Mr. Tillinghast advised these are the same contracts presented to the Legislature last year and that the amounts represent bonuses and rentals paid by the lessees together with accrued interest. He stated the total is \$7,552,198.21, with a breakdown as follows: Shell Oil Company \$7,500,000.00; Simasko Production Company \$44,259.40; Texas International Petroleum Corporation \$7,938.81. He advised this completes the Kachemak Bay lease reacquisition, with one small exception. In answer to a question regarding the lease not before the Committee, Mr. Tillinghast stated it is a minor lease, and the hold-up is the lessee is not satisfied with the amount offered. He stated they have filed imminent domain against that lessee.

Chairman Cowper asked if the figures were correct, and Mr. Tillinghast replied they were, with a few minor adjustments in interest that will have accrued.

Representative Duncan moved and asked unanimous consent that HB 588 be reported out of Committee. There being no objection, it was so ordered. HB 588 was reported out with a "do pass" recommendation.

HB 588
REPORTED OUT

Chairman Cowper stated the next bill up for consideration is HB 832:

 HB 832

"An Act providing for an individual income tax rebate; and providing for an effective date."

Chairman Cowper stated Representative Freeman, as prime sponsor, would present the background.

Representative Freeman stated HB 832 is an attempt to reduce the individual income tax burden on Alaskan taxpayers and to spread the revenue benefits around. He stated this bill provides for a tax reduction for all persons filing individual income tax returns. He stated the arguments against last year's bill (HB 523) were that it was premature and didn't equalize the benefits. He stated this year, working with Representative Meekins, a different approach was used.

Representative Freeman stated many benefits go to senior citizens and municipalities with revenue sharing, but those people living in rural areas do not receive any benefits. He stated HB 832 would give each adult filing an income tax return a rebate of \$100 beginning January 1, 1978; \$200 beginning January 1, 1979; and \$300 beginning January 1, 1980 and thereafter. He stated part-year residents and nonresidents would receive a rebate, but it will be prorated according to the number of months of residency in the State. He stated the bill also provides that, if

a rebate exceeds the amount of tax due and results in a balance being due to the individual filing the return, the balance will be paid to that person in the same manner as if he had a refund of tax due.

There was a discussion on the differences of the estimated reduction in revenue to the State with the Department of Revenue. Representative Freeman made reference to a memo from Mr. Barker, 3-7-78, which supports the figure \$27 million in reduced revenue for FY 79 as opposed to \$28 million by the Department of Revenue. He stated the reasons for the differences appear to be in the estimate of the number of returns filed in the State during the year. There was discussion on the two fiscal notes.

Representative Meekins commented the greater percentage of Alaskan's like this approach--spendable income--as opposed to revenue sharing. He stated it more evenly distributes the benefits.

Chairman Cowper commented the bill has merit in its simplicity. However, he stated it was not his intent the Committee move the bill today as there would have to be further consideration with regard to revenue sharing. He brought up that maybe taxpayers could opt whether they wanted a rebate or to be covered by a statewide medical program. He asked for comment from the Department of Revenue.

Mr. Messenger stated the Department is opposed to the direct tax rebate approach, basically, because of the loss of revenue to the State. He stated the bill might require an accompanying appropriation for payment of this rebate, because the bill provides that rebate be paid out of the treasury and it doesn't change the liabilities. There was further discussion on the differences in the estimated reduction in revenue.

Chairman Cowper stated there is currently a measure pending before the Senate that would require multi-national corporations pay corporate taxes at the same rate Alaskan corporations do. He asked if the Department of Revenue would support this approach. Mr. Messenger replied this would offset the decrease here but that the Department would still be opposed to this measure, because of the reliance of State spending on nonrenewable resources. There was a discussion on renewable and nonrenewable funds.

Representative Swanson asked what percentage of the federal tax rate Alaska income tax is based on, and Mr. Messenger replied 16% of the federal tax rates as established in 1963.

Mr. Messenger stated he would like the opportunity to work with the Legislative staff on estimates and to prepare further documentation on this bill. Chairman Cowper asked Representatives Freeman and Meekins to let him know when they were ready to make further presentation to the Committee on HB 832.

HB 832
HELD
OVER

Chairman Cowper announced the Committee would be closing out budget categories beginning Friday.

The meeting adjourned at 9:50 a.m.

ADJOURN

HFC 78-33 #0001 - #1476

HOUSE BILL NO. 780

"Relating to a \$50,000 appropriation to National Council on Alcoholism - Alaska Region."

The National Council on Alcoholism - Alaska Region is confronted with a funding crisis because its grant from the National Institute of Alcoholism and Alcohol Abuse, in the amount of several hundred thousand dollars per annum, was terminated in December, 1977. The NIAAA grant has traditionally been the major source of support for NCA-AR. The National Council on Alcoholism - Alaska Region did, however, receive a new NIAAA grant for the organization of voluntary organizations. This grant, in the amount of \$50,000, began on January 1, 1978. The grant consists of 100% federal funds and goes directly to NCA-AR, without passing through the State. The new NIAAA grant is apparently not sufficient to continue the current level of staffing for NCA-AR.

The Department recognizes the usefulness of the NCA-AR Newsletter program and of the Council's alcoholism library, which is utilized throughout the State. State General Funds granted to this program were, nevertheless, reduced this Fiscal Year. The reason for the reduction is that the Office of Alcoholism within the Department received only bare maintenance budget increases for grants this Fiscal Year, even though there were many new grants requested from rural Alaska for prevention and treatment programs -- requests totaling several tens of thousands of dollars. NCA-AR was one of several agencies whose budgets were reduced by the Office and the Advisory Board in order to fund at least some new programs providing direct services to clients, notably in the communities of Napaskiak and Hoonah.

The Department regrets the necessary reduction of funding allocated the NCA-AR, but the provisions of AS 47.30.475 dictate that "Grants shall be awarded on a competitive basis" and require the Governor's Advisory Board on Alcoholism to review and make recommendations on all alcoholism grants awarded through the Office of Alcoholism within the Department. It has been the practice of the Department and of the Advisory Board to observe the provisions of AS 47.30.475.

Recommended by: Robert L. Cole Date: 2/22/78
Robert L. Cole, Coordinator
Office of Alcoholism & Drug Abuse

Approved by: Helen D. Beirne Date: 2/22/78
Helen D. Beirne, Commissioner
Department of Health & Social Services

Attachment
3-8-78

HOUSE FINANCE COMMITTEE

March 8, 1978

1:20 p.m.

All members of the Committee were in attendance, except Representatives Schaeffer and Meekins. Representative Guy arrived later in the meeting. In attendance from the University of Alaska were: Dr. Brewer, VP, Finance; Ashok Dhingra, Statewide Budget Office; Tim Tilsworth, Assistant to the President; Chancellor Cutler, UAF; Dr. Wendell Wolfe, Dean, Academic Affairs, UAA;; Stan Vaughn, Director, Administrative Services, UAA; Chancellor O'Rourke, REA's. Also in attendance: Willie Hensley, President, NANA; Lee Blake, NANA/Manning, and representatives from the City of Ketchikan.

PRESENT

Chairman Cowper called the meeting to order and stated that prior to discussing the University of Alaska, the Committee would hear testimony from representatives from NANA and from the City of Ketchikan.

Mr. Willie Hensley, President, NANA, stated they are here today to refute certain statements made by Mr. Ken Spray, Local 71, at an earlier meeting concerning the Manning Corporation. He stated that several allegations made at that meeting were inaccurate, and they didn't want the Committee to think that NANA and the Manning Corporation were "ripping-off" the State. He presented a report on what NANA/Manning is doing for the State.

NANA/
MANNING

Mr. Hensley introduced Mr. Lee Blake, who is their representative in the Manning Corporation. Mr. Blake stated he would like to respond to several statements made concerning NANA/Manning at API. Concerning the statement that they eliminated the dietitian, Mr. Blake stated this was not correct. He stated a dietitian left for personal reasons, and she was replaced with a dietary consultant.

Concerning the statement that the food at API was not nutritious, Mr. Blake stated the food is being purchased through State vendors and is being prepared by Local 71 cooks.

In regard to the Pioneers' Home in Anchorage, Local 71 estimated that it would need 46 employees. Mr. Blake stated Manning performed a survey and estimated they could operate the facility with about 37 full time employees. He advised they currently have 25 full time employees on the premises, and when they are fully operational, they will have between 30 and 33. He advised their contract stated they cannot exceed \$642,500; and he stated it appears they will be below their projected budget. Concerning the statement that they brought in five or six people from the lower '48, Mr. Blake stated they only brought in one person.

Concerning the statement that employee morale is low at API, Mr. Blake responded that employees are being supervised by Local 71 supervisors.

Mr. Hensley stated they asked for this opportunity to appear before the Committee because they didn't want members to be misled by statements that were made earlier.

Representative Freeman introduced several representatives from Ketchikan. Mr. Ron Whetty, President, Ketchikan Chamber of Commerce, stated the Ketchikan delegation includes members of the Chamber, the Ketchikan Gateway Borough, and the school district. Mr. Whetty reviewed the issues of concern to the City of Ketchikan for the benefit of Finance Committee members.

CITY OF
KETCHIKAN

He stated they favored hydroelectric support in Southeast. They requested that members of the Legislature support House Bill 781 (An Act authorizing state aid to municipalities for the construction and development of cultural facilities.)

Mr. Whetty stated the Legislature funded a study for a jail facility in Ketchikan. He stated it is his understanding that the study is currently being worked on, and the Administration is considering putting up construction funds. He advised there is much discussion and public participation in Ketchikan concerning this.

Mr. Whetty stated the Community wanted to encourage approval of the Pioneers' Home. He urged the Legislature to look at forward funding for the school foundation program. Mr. Whetty advised they had a meeting with the DOT where they expressed the following concerns: A bridge for road access to the airport from Ketchikan; Their #1 priority is a secondary access road throughout Ketchikan. He stated they expect Administration to go to a five-year plan for than project.

Mr. Whetty spoke concerning the state marine highway system, and advised that several reports have indicated that marine highway maintenance currently done in Seattle could be done in Alaska, and could save on crew and operational costs.

He stated the only new funding they are requesting within the UA Ketchikan is for the Marine Vocational Program.

There were several questions from the Committee concerning these projects. Chairman Cowper thanked the Ketchikan delegation for appearing before the Committee.

The meeting recessed at 2:20 p.m. and was recalled to order at 2:30 p.m.

RECESS

Chairman Cowper stated discussion would return to the University of Alaska, Anchorage.

UAA

Mr. Scott asked what changes had been made in the Criminal Justice and Alcohol Abuse programs in FY 79, particularly in terms of grants to the program. Mr. Vaughn stated the only additional grant and contract anticipated is \$65,000 for the Center for Alcoholism. He advised there is a carry-forward amount in both centers of about \$135,000. Mr. Scott asked if they were losing any funds in either the Criminal Justice Center or the Center for Alcoholism and Mr. Vaughn stated he did not believe so.

There was further discussion on the Centers. Mr. Scott asked if they were requesting additional general funds for the alcoholism center. Mr. Wolfe advised the Center had a grant for the primary purpose of training personnel. He stated that grant expired on November 30th, and they are requesting general fund monies to pick up the program.

There was discussion on the different levels of the budget, and on funds 1 and 2. There was brief discussion on UA/A programs.

Representative Gruening asked what Federal Unrestricted Receipts were, and Mr. Vaughn stated this would be the criminal justice center grants, alcohol grants and other grants, primarily in the instructional area for mineral resources and training programs. Representative Gruening asked what other restricted receipts referred to. Mr. Vaughn stated this would be income generated by programs on campus, such as the Performing Arts Center. There was discussion on restricted receipts.

Representative Rhode questioned the number of students at UAA. Mr. Tilsworth stated the full-time equivalent for 1976 was 1,044, and the projected figure for 1977 is 1,193.

Mr. Scott asked how many hours the library would be operational in FY 79. Mr. Wolfe stated the hours are going to be increased from 66 to 88 hours. He advised this was at the maintenance level. Mr. Vaughn stated at the \$70.8 level the library would operate the same number of hours, but the staffing would not be as professional.

Mr. Scott stated in the Department of Education category, the Public Health Service library indicates there will be participation in the amount of \$45,000 from the UAA library. He asked if this is shown in the University budget. Mr. Vaughn stated as far as he knows there was no commitment made in this budget to provide that type of funding. He advised the arrangement that was made is that they would allow Public

Health Service library to request titles of books to be acquired on the same basis as facility, but there is no dollar guarantee, and the books acquired would be the property of the University library.

There was further discussion on the library. Representative Gruening asked if there was any difference between the maintenance level and the \$77.4 level. Mr. Vaughn stated there is no difference in the number of hours, but there will be a difference in the level of service.

Representative Gruening asked how the regents allocated funds between the different campuses. Dr. Brewer stated each Chancellor submitted a priority listing and the allocation of funds was based on their priority listing. Further discussion on allocation of funds.

The next BRU to be discussed was Community Colleges, Administration. Representative Freeman stated he understands this is a new division, and he requested background information.

COMMUNITY
COLLEGE
ADMINIS-
TRATION

Chancellor O'Rourke stated this division was created by action of the Board of Regents last June. He advised they took all ten community colleges from around the state and placed them in one division, along with the REA's and cooperative extension service. He stated that currently the division consists of himself and a secretary, and they have been there for the past eight months. Chancellor O'Rourke stated that under Community College Administration he would like to provide services for those divisions that cannot provide it themselves. He advised with the major units he wants to provide a monitoring of auditing and training functions. He stated he would like to be on a quarterly spot auditing basis.

In terms of construction of the budget, Chancellor O'Rourke stated each community college president submitted a budget and new program requests.

Community College, Contract Funding (page 27 of summary book). Chancellor O'Rourke advised this stems back to the signing of the contract in March 1977. He advised a special appropriation bill was passed last year in which the salary provisions were funded, but all other items in the contract were not funded. He advised it was agreed that the University had signed the contract with ACCFT and had to come up with the funding. He stated this BRU contains those items that were not funded last year, plus contracts were reopened for salaries, and in arbitration an increase of 7.9% was awarded, which was not in the bill last year. There was discussion on the contract.

COMMUNITY
COLLEGE
CONTRACT
FUNDING

Chairman Cowper asked what is happening with the Eagle River extension courses. Chancellor O'Rourke stated that under the Mat-Su Community College \$7,500 is funded for Eagle River. He advised that last year \$4,500 was transferred from Anchorage personal services, and a person was brought out to put the program together. Chairman Cowper commented he thought the \$7,500 would be to fund certain courses, and asked why there had to be an office at Eagle River. Chancellor O'Rourke stated even without the Office, they would still be paying an administrator to go out and pull the program together. There was further discussion on Eagle River.

EAGLE
RIVER

Mr. Scott stated he has a policy question concerning the Board of Regents action requiring each individual community college to get its own accreditation. He stated it seems this might have quite an impact on community colleges needing accreditation.

ACCREDI-
TATION

Chancellor O'Rourke stated he was in favor of this action, on the following basis. He advised the community colleges accreditation were received when they could all come under one umbrella. He stated the Northwest Accreditation Commission is not longer accrediting on that basis.

Chancellor O'Rourke stated six of the ten community colleges could probably receive accreditation right now. Mat-Su and Kodiak would probably have problems obtaining accreditation, and Northwest and Sitka would probably not be able to receive accreditation. He stated they would request candidacy status and would have three to five years to bring themselves up to accreditation standards. He stated if they could not be brought up to accreditation level by that time, then they probably do not have a viable program, and the community college should be gotten rid of.

Mr. Scott asked if they will be requesting additional funding to bring the community colleges up to accreditation standards. Chancellor O'Rourke stated they probably will be. But, he commented, the umbrella policy was not working. He advised that those community colleges currently receiving over-all accreditation were up for a revisit from the Commission in 1979.

Several questions were asked concerning individual community colleges. They will be discussed in further detail when their BRU is brought up.

3/8/78

Chairman Cowper asked if formula funding had been considered for the community colleges. Chancellor O'Rourke stated this method has good potential and they have been working on it. He stated he thinks this is a desirable direction for them to head in.

The meeting adjourned at 5:05 p.m.

ADJOURN

Tape HFC 78-33 #1476 to end
HFC 78-34 # 001 to end
HFC 78-35 # 001 to 1696

3/8/78

HOUSE FINANCE COMMITTEE

March 9, 1978

8:40 a.m.

All members of the Committee were in attendance. Also in attendance were Commissioner Sterling Gallagher and Deputy Commissioner of Treasury Jim Edenso, Department of Revenue; Speaker Hugh Malone; Jim Rhode, Administrative Assistant to Chairman Cowper; Milt Barker, Fiscal Analyst; Legislative Finance.

PRESENT

Chairman Cowper called the meeting to order and stated the first item of business was HCR 109:

HCR 109

"Annulling a certain administrative regulation adopted by the Department of Highways and enforced by the Department of Transportation and Public Facilities pertaining to road maintenance on highways not part of the Alaska Highway System."

[Chairman Cowper left at this time, and Vice Chairman Freeman conducted the meeting.]

Vice Chairman Freeman asked if there were any questions on HCR 109. There were none. Representative Gruening moved and asked unanimous consent that HCR 109 be reported out of Committee. There being no objection, it was so ordered. HCR 109 was reported out with a "do pass" recommendation.

HCR 109
REPORTED OUT

Vice Chairman Freeman brought up HB 596 for discussion:

HB 596

"An Act relating to nonrenewable resource revenues; to legislative oversight; and providing for an effective date."

Vice Chairman Freeman stated the Committee would be addressing the committee substitute, as reported out by the Special Committee on the Alaska Permanent Fund. He stated Commissioner Gallagher would present testimony on the suggested amendments by the Department of Revenue.

Commissioner Gallagher stated Amendments 1, 2 and 3 all place more emphasis on the Alaska Enterprise Investment Corporation (AEIC). Amendment 1 expands it to collect a percentage of the receipts; Amendments 2 and 3, he advised, would divide the Permanent Fund into two halves, with one half going into the Alaska Permanent Fund Corporation (APFC) and the other half going into AEIC.

He stated Amendment 4 clarifies the language; as presently drafted, it is redundant.

Commissioner Gallagher stated Amendment 5 adds the Commissioner of Revenue to the Board of trustees as a non-voting member. He stated the Commissioner of Revenue should be aware of all transactions involving State funds.

He stated Amendment 6 would increase the board members from two to three for purposes of a quorum.

Commissioner Gallagher stated Amendment 7 deals with the policy issue of whether the Department of Revenue should be management staff. He stated, as drafted, the bill would require 5-6 positions; but if managed by the Department of Revenue, only one additional position would be necessary. He stated in addition to being more efficient, this would result in a significant savings. Representative Gruening stated the reason for going outside the Department was for visibility and that the emphasis on the fund was that it be separate from the general fund. Commissioner Gallagher stated there is already one fund equal to this size on the books--Public Employees Pension fund. There was brief discussion on management and staffing.

Commissioner Gallagher stated Amendment 8 concerns prudent man rule. He stated prudent man rule only applies to investments, not personnel problems.

He stated Amendment 9 would clarify diversification so that the language is not redundant.

Commissioner Gallagher stated Amendment 10 would also clarify the language and lift restrictions. He stated it is desirable the corporation work with the Department of Revenue.

Commissioner Gallagher advised Amendment 11 replaces the Gains and Losses section with a Reserves section. He stated the Department feels there should be a loss reserve account for bad debts, which would preserve the the principal of the Permanent Fund.

He stated Amendment 12 deletes the Income section, which provides for a moving average of losses over a five-year period. He stated the Department is against averaging; if there is a good year, it should be shown.

There was a discussion on averaging losses. Commissioner Gallagher stated there should be a reserve account for bad debts, as this keeps the Permanent Fund whole; if there is a securities loss, it shows up immediately.

[Chairman Cowper returned at this time and conducted the meeting.]

Commissioner Gallagher stated there could be a section for securities gains and losses averaged over a five-year period in addition to a reserve for bad debts. He stated the reserve is the liability of the balance sheet.

[Chairman Cowper left the meeting at this time. Vice Chairman Freeman conducted the meeting.]

Representative Gruening asked Commissioner Gallagher to comment on the Permanent Fund 30% investment limit in the stock market. Commissioner voiced approval of this limit.

Commissioner Gallagher suggested deleting Section 150, Income, and expanding Section 140, Gains and Losses, to include a loss reserve account for bad debts. There was further discussion on needing the reserve account to make the Permanent Fund permanent.

Commissioner Gallagher stated he was not familiar with Amendment 13.

He stated Amendment 14 would increase the income going into AEIC from 1/6 to 50%.

Commissioner Gallagher stated Amendments 15 and 16 would allow payment of the principal to go directly into AEIC without going through APFC.

Commissioner Gallagher stated Amendments 17, 18, 21, 22, 23 and 24 all deal with the recommendation that AEIC have one more commissioner on the policy board. He stated this provides the Commissioner of Revenue, as the State financial officer, and the Commissioner of Commerce, for development, be on the board to serve as a check and to give different governmental viewpoints.

He stated Amendment 19 deals with the president of AEIC being on both the investment committee and the policy committee, as he is the link between the two. There was discussion on commissioner involvement.

Commissioner Gallagher stated Amendment 24 goes along with a public member being added, which provides a check on the power of the Commissioner.

He stated Amendment 25 replaces the current budget section. He stated, as drafted, the budget goes through the Executive Budget Act. He stated the Department feels management would be more responsive if they develop their own budget and will show a better cost restriction. He stated if they go over 1/2 of 1% of the assets, then they are subject to the Executive Budget Act.

Commissioner Gallagher advised Amendment 26 restates the diversification rule in terms of investing a percentage of

the assets. He stated the 5% figure may be in violation of prudent man rule. There was discussion on prudent man rule.

There was discussion on community development, with Commissioner Gallagher stating the best way to help the municipalities is to guarantee municipal bonds--GO bonds. It was brought up that HB 595 puts a guarantee over Alaska Power Authority; and HB 596 puts a guarantee on AEIC. Commissioner Gallagher stated Legislative approval is needed for guarantee of direction of the income.

[Chairman Cowper returned at this time and conducted the meeting.]

Commissioner Gallagher stated Amendment 30 clarifies the language with regard to the investment report.

He stated Amendment 32 includes AEIC in the Transition section. He stated this would handle transition of all funds of the Permanent Fund. He stated, currently, AEIC is separate. He stated Amendment 33 provides that this transfer of funds takes place within "30" days rather than 10 days after the request.

Commissioner Gallagher commented that U.S. Government agencies are not covered in the draft and that there should be short-term provision for investment. He recommended the Committee give this consideration and make the necessary provisions. He also commented on the Permanent Fund employee's salary range, in that he hoped it would be commensurate with the Department of Revenue.

Mr. Edenso commented on prudent man rule, stating the way the bill is drafted, and with the trust law established in the courts, this would mandate such a conservative rule. Representative Gruening stated if there were a problem with the term "trustees", they could be called "commissioners". He further stated the Permanent Fund cannot be all things to all people; priorities and objections have to be set.

HB 596
HELD OVER

The meeting adjourned at 10:03 a.m.

ADJOURN

HFC 78-36 #0001 - #1569

9 MARCH 78

Suggested Amendments to House Bill 596

The following amendments should be considered:

1. page 6, line 8

Following the words "Alaska Permanent Fund Corporation" insert "and the Alaska Enterprise Investment Corporation".

2. page 6, line 9

Substitute "50 per cent" for "five-sixths".

3. page 6, line 11

Substitute "50 per cent" for "one-sixth"; place a period after "allocated"; and delete the remainder of this section.

4. page 6, line 23

Following the word "benefit" delete "of future generations".

5. page 7, line 15

Following "session." insert the following: "The commissioner of revenue is a non-voting member of the board of trustees."

6. page 9, line 1

Substitute "Three" for "Two".

7. page 9, line 8

Delete Sec. 37.13.110 and replace it with the following:
"Sec. 37.13.110. PERSONNEL. The commissioner of revenue or designee shall serve as the executive director of the corporation and staff will be provided by the department of revenue. All staff members responsible for corporation investments are in the partially exempt service as under AS 39.25."

8. page 9, line 23

Substitute "in the" for "to the board in its".

9. Page 10, line 6

Put a period after "investments" and delete the remainder of the sentence.

10. page 10, line 13

Put a period after "corporation" and delete the remainder of the sentence.

11. page 11, line 11

Delete Sec. 37.13.140 and replace with the following:
"Sec. 37.13.140. RESERVES. The corporation may establish, from income derived from its investments a loss reserve account to preserve the principal of the permanent fund, consistent with sound financial practices."

12. page 11, line 24

Delete Sec. 37.13.150. entitled "Income".

13. page 13, line 6

Following "trustees" delete "and officers and staff of the corporation may not engage in partisan political activities" and substitute "are subject to AS 39.25.160."

14. page 13, line 26

Substitute "Fifty percent" for "One-sixth".

15. page 13, line 28

Following "paid" delete "by the Alaska Permanent Fund Corporation directly".

16. page 14, line 1

Following "Corporation" insert "as specified in Sec. 37.13.010." and delete the remainder of the sentence.

17. page 14, line 22

Substitute "the commissioners of the departments of revenue and commerce and economic development" in place of "a person employed in the executive branch of state government appointed by the governor".

18. page 14, line 23

Substitute "five" in place of "six".

19. page 14, line 27

Following the period, insert the following sentence: "The President of the Alaska Enterprise Investment Corporation, appointed under Sec. 44.55.073 of this chapter, shall serve as the chairman of the Policy Board, but is not a voting member."

20. page 14, line 29

Delete the following words: "one of the".

21. page 15, line 1

Delete the following words: "public members as chairman and".

22. page 15, line 2

Substitute "five" in place of "six".

23. page 15, line 4

Substitute "one member serving for two years," in place of "two members serving for two years".

24. page 15, line 9

Following the word "vote" and before the period, insert:
", including not less than a majority of appointed members."

25. page 18, line 6

Delete this section and replace it with the following:
"Sec. 44.55.100. BUDGET. The corporation may retain income in the amount needed to pay the operating and administrative expenses of the corporation. The corporation is exempt from the provision of the Executive Budget Act (AS 37.07), except if these operating and administrative expenses shall exceed one-half of one percent of the corporation's paid-in capital, that budget of the corporation is subject to the Executive Budget Act."

26. page 20, line 11

Substitute "one percent of the resources of the corporation" in place of "five percent of the resources of the corporation or \$5,000,000, whichever is less,".

27. page 21, line 26

Insert a new section to read: "(o) All guarantees shall be presented to the Alaska State Legislature by the Policy Board for approval by law. A reserve for guarantees shall be established in accordance with Sec. 44.55.130(b) of this chapter."

28. page 21, line 26

Insert a new section as follows: "(p) the corporation may not make additional investments in participation with any other corporation or investment institution which is currently participating with the corporation in other investments if two percent of those investments are delinquent."

29. page 21, line 26

Insert a new section to read: "Sec. 44.55.130. RESERVES. (a) The corporation may establish from income derived from its investments, reserve accounts to preserve the principal of the permanent fund, consistent with sound financial practices.

(b) The corporation may establish from income from its investments, a reserve account for the purpose of paying loss on guaranteed debts. The amount credited to this reserve shall be a percentage of the total guaranteed debts as determined by the policy board, consistent with sound financial practices."

30. page 21, line 27

Substitute "prepare a detailed report of Alaskan investments which shall" in place of "render a detailed report to the legislature which shall".

31. page 23, line 1

Following the word "corporation" insert "are subject to AS 39.25.160." and delete the remainder of this sentence.

32. page 24, line 11

Following "tion" insert "and the Alaska Enterprise Investment Fund".

33. page 24, line 11

Substitute "30" in place of "10".

34. Page 24, line 17

Substitute "AS 37.13.130(g)" in place of "AS 44.55.120(b)(2) in Section 4 of this Act." and delete the remainder of the sentence.

35. page 24, line 19

Following "repealed" insert "at the time Sec. 7. Transition is completed."

36. page 24, line 20

Following "repealed" insert "at the time Sec. 7. Transition is completed."

It is further suggested that "small and medium scale" should be clearly defined in the bill, for example, defining that concept in terms of a 1 percent investment limitation.

HOUSE FINANCE COMMITTEE

March 9, 1978

1:25 p.m.

All members of the Committee were in attendance, except Representatives Schaeffer and Meekins. Also in attendance testifying on the University of Alaska were: Chancellor Pat O'Rourke, REA's and Community Colleges; Dr. Jones, University of Alaska, Juneau; and Jan Dreckman, Student Body President, University of Alaska, Anchorage.

PRESENT

Chairman Cowper stated discussion would continue on community colleges. He stated it is his understanding that there was a bid by an outside company to do the GED work on the army bases. He stated that apparently their bid came in lower and the contracts of the state were refused. He said that apparently the coordinator at the Eagle River Campus has agreed to do GED testing on the bases for the outside firm. Chancellor O'Rourke stated he will have to look into the administrator doing the testing. He stated that both ACC and TVCC put in bids with the military, but the contract went to Central Texas. He advised the bid will come up again next year. There was further discussion on the bid.

Chancellor O'Rourke handed out material which provided the comparative costs per credit hour on community colleges.

Ketchikan Community College. Chancellor O'Rourke stated the \$70.8 level has one additional item included. He stated last year the Career Vocational Building was budgeted for six months support. He stated the building is now open and additional money for running it is included. He stated there is an additional percentage for increased workload.

KETCHIKAN
CC

Chancellor O'Rourke advised there were 111 full-time students in 1976, and 129 in 1977.

Chairman Cowper asked if the \$70.8 level included the cost of putting the new building on line. Chancellor O'Rourke stated it did, and in addition, they have requested another \$68.6 to bring themselves to the maintenance level.

Representative Freeman stated that last year the Committee put \$157,000 in the budget to start a marine technology program. He advised the Governor vetoed \$127,000 of that, so they only had \$24,000 for the Program. He stated that after the veto, he talked with people from the community college and advised them to take what was left after the veto and do what they could to get the program started. At that time he advised them he would try again this year to get funds to get the program underway. He requested the Committee to give this consideration. He stated the community college did the best they could with what they were given.

Sitka Community College. Chairman Cowper asked what had been done about the road to the Sitka Community College. He commented they have a million dollar facility and because of problems with the state they cannot get a road up to the facility. Chancellor O'Rourke stated they had to vacate the facility for two months in the fall quarter because they couldn't get up the road to the college. He explained the condition of the road. He advised they had to finish the quarter using space in the school district.

SITKA CC

Chancellor O'Rourke advised that at the time the facility was put in, there was an agreement between the Borough and the Division of Mental Health to provide additional land to expand the road. He stated they are now ready to negotiate a trade of land for what they need in Sitka. There was further discussion on the road.

Chancellor O'Rourke stated the Sitka budget is basically current services with a request for a \$32.1 increased workload. He advised the College currently has a president and three full-time instructors. The number of students projected for 1977 is 94.

Representative Haugen asked if the College had any conflict with Sheldon Jackson. Chancellor O'Rourke stated there was no conflict because Sheldon Jackson is primarily a residential program and does not provide instruction to the local community. There was brief discussion.

Mr. Scott referred to Mr. O'Rourke's earlier statement that Sitka may have trouble gaining accreditation, and asked if Sitka Community College might try to get accreditation with Sheldon Jackson. Chancellor O'Rourke stated they would take a close look to see what could be done cooperatively.

Juneau-Douglas Community College. Chancellor O'Rourke stated that in addition to the \$70.8 level, they have requested \$86.5 to bring them to the maintenance level. He stated these funds are all in the instructional area.

J-DCC

There was brief discussion on the reorganization of JDCC and University of Alaska, Juneau. Chancellor O'Rourke advised there are 373 full time students at JDCC.

Anchorage Community College. Representative Buchholdt requested information on the Day Car Center. Chancellor O'Rourke advised that basically they are requesting facilities for three universities out of the ten. He stated there is space in the Anchorage megastructure for a child care center. Chairman Cowper asked if this was only for teachers or if it was for students also.

ACC

Chancellor O'Rourke stated that by contract it is for teachers. He stated it is being promoted for both students and UAA, also. Chairman Cowper commented the policy would have to be adopted throughout the state, not just for one facility. Chancellor O'Rourke concurred.

Chairman Cowper asked if there were instructors that show up at both ACC and UAA, and Chancellor O'Rourke responded not to his knowledge. Brief discussion.

Chancellor O'Rourke stated the budget includes \$455,100 maintenance for increased workload items at ACC. He stated they are requesting \$45,000 as a new program to concentrate on views of women. He explained the program. He stated they are requesting another new program which is a physical education program, and appears in the change item under instruction. There was brief discussion on the PE program.

Mr. Scott requested an organizational chart of ACC. Chancellor O'Rourke stated he would provide one.

Chairman Cowper asked if any items that were adopted in the contract last year were included in the budget. Chancellor O'Rourke answered no, all the items are listed under a separate BRU, Community College Contracts. There was brief discussion on contracts. The Committee concurred that it was a better practice to put contract items under a separate BRU.

Chancellor O'Rourke advised there are 3,470 full-time students. In answer to a question from Representative Buchholdt, Chancellor O'Rourke stated the library appropriation for Anchorage is under the academic support component of UAA.

Representative Gruening asked what the main differences were between the Governor's figure and the University's request figure. Chancellor O'Rourke stated there is \$455,100 in maintenance items (details are provided on form 5), and they are requesting an additional two programs.

Representative Gruening requested a list of the items requested by ACC that were not approved by the Regents. Chancellor O'Rourke stated he will provide the list.

Mat-Su Community College. Chancellor O'Rourke advised that Eagle River is currently administered under Mat-Su community college. He stated they attempted to show it as a separate component. He advised the total budget including Eagle River is \$74,500 for maintenance. He stated that \$54,900 is going to Eagle River.

MAT-SU CC

3/9/78

Chairman Cowper asked what Mr. Irany (administrator at Eagle River) is doing. Chancellor O'Rourke responded that Gene Sheer, the Director for Mat-Su Community College is on leave. He advised that Mr. Irany is supposed to be half-time at Eagle River and half-time at Mat-Su. Chancellor O'Rourke stated Mr. Sheer is on leave for the entire year. He stated that 1/2 of his salary is being paid to him as he is on sabbatical leave. He advised he is also receiving the other 1/2 of his salary because he is apparently doing studies that will be profitable to Mat-Su in the future. He advised the entire amount of his salary is coming out of the Mat-Su budget. There was discussion on administrators going on sabbatical leave.

Mr. Scott asked if the community college administrators contract had been renewed. Chancellor O'Rourke stated it has not been at this time.

Chairman Cowper requested a full report on Mr. Sheer, on how his leave came about, and under what authority the University is granting leave to deans. He further requested a report on what Mr. Sheer is doing and how it will benefit Mat-Su. There was further discussion on leave. Chairman Cowper requested the report include information on any other persons taking leave.

Chairman Cowper asked what Mr. Irany will do when Mr. Sheer comes back. Chancellor O'Rourke stated he has the choice of returning to ACC. He advised there was a personnel problem at ACC, and the decision was made to place Mr. Irany at Eagle River. There was discussion on this.

Chancellor O'Rourke advised Mat-Su community college has 179 full-time students, not including Eagle River. He stated he did not know how many students Eagle River had.

University of Alaska - Juneau. Dr. Russell Jones, President, UAJ, explained the programs of UAJ. He stated the Fisheries Program was started as mandated by the Legislature; however, the building is not open due to their not getting the supplemental money. He advised they had to cancel the spring classes for chemistry because there was not enough room in their current buildings. Representative Haugen asked how many students were in the fisheries program. Dr. Jones advised there were 15 bachelor degrees and 25 master degrees students. He stated the program currently has three teachers, and they are requesting two additional teachers. There was discussion on the program.

UAJ

Chairman Cowper stated there was a report two years ago indicating that 75% of all grades at UAJ were A's. Dr. Jones stated they have been looking at their grading procedure for the past three years. He stated the percentage is not nearly that high now. There was discussion on the grading system.

Dr. Jones stated their number one priority is reorganization. He stated they are also concerned with accreditation and he presented a portion of the report concerning accreditation.

Mr. Scott asked if they plan to use any positions they are requesting to teach lower division courses. Dr. Jones stated they do not intend to offer lower division courses where JDCC can do them on a regular basis. He stated the only time they would consider teaching lower division courses is when it would be a specialized course that JDCC could not do.

Dr. Jones advised the total increased workload request in instruction is \$226.9. He stated they are requesting two positions in the Arts and Science area; they are asking for one position in Management and Science; in Engineering they are requesting an increase from a part-time position to a full-time position. In Fisheries they are requesting two positions -- one in the area of fishery biometrics and the other in fishery population dynamics.

Dr. Jones presented material on the student housing program. There was discussion on the housing program. Dr. Jones stated they are currently studying the housing situation and a report should be available in about a month.

Dr. Jones stated they are requesting the following for the library: a library assistant, a half-time media assistant, and a half-time library assistant I. He stated they are requesting a Capital appropriation of \$100,000 to improve the library.

Jan Dreckman, Student Body President, UA/Anchorage, presented a video-tape program to the Committee concerning the megastucture on the Anchorage Campus and answered Committee members questions. She advised they are asking \$1.358 million for operational costs.

UAA

Kodiak Community College. Chancellor O'Rourke advised the Kodiak community college budget at the \$70.8 level includes current services plus a workload increase. He stated in addition to this they are requesting \$76.0 in the student support area; \$42.0 for someone to handle business management; \$19.0 for a clerical assistant; and \$15.0 for a part-time instructor.

KODIAK CC

Kenai Community College. Chancellor O'Rourke stated the maintenance level is \$70,600 in increased workload requested above the current services level. In addition, they are requesting an increase from a half-time instructor to full-time. a faculty instructor to full time; and that a number of positions be upgraded. He stated they currently have 15 part-time instructors.

KENAI CC

Koskokwim Community College. Chancellor O'Rourke advised they are requesting one item in physical plant. He stated student housing is budgeted under auxiliary services, and the program is being operated under a lease with the Bethel Native Corporation. He stated the student housing operates on a self-sustaining basis.

KUSKOKWIM
CC

Northwest Community College. Chancellor O'Rourke advised they are requesting \$123,300 in increased workload and it appears under maintenance. He stated that of that, \$40,000 is in program receipts. He advised they are requesting two additions in instruction: one is to increase a vocational technical instructor; and the other to create a full-time position for instruction and management.

NORTHWEST
CC

Tanana Valley Community College. Chancellor O'Rourke advised that the TVCC program is different from all the others due to its close relationship to the Fairbanks Campus. He advised they have requested \$262,500 in increased workload and it appears under maintenance.

TVCC

Rural Education. Representative Buchholdt questioned the \$33,000 for health aid. Chancellor O'Rourke advised this is a new program requested. He stated that currently they are supported by funds from the Johnson Foundation. This request is to provide seed money with the idea that the Foundation would supply additional costs. They are currently providing \$50,000.

RURAL
EDUCATION

Mr. Scott stated that the 1978 base for institutional support provides for past president Ramos' salary, and he asked if this funding could be dropped now. Chancellor O'Rourke advised that although she is presently at ACC, the money for her salary is being provided by Rural Education.

Regional Learning Centers. Mr. Scott stated there has been some question on whether these are part of community college salary bargaining units. Chancellor O'Rourke advised that the Regents response was that they were not; but it has not been resolved yet.

REGIONAL
LEARNING
CENTERS

3/9/78

Cooperative Extension Service. Representative Buchholdt asked if this was the last of the Kellogg Foundation Grant. Chancellor O'Rourke advised that it was. He stated the Kellogg Foundation provided money five years ago with the idea that the University would pick up the cost after than time. There was brief discussion on the Cooperative Extension Service Program.

COOP.
EXTENSION
SERVICE

The meeting adjourned at 5:05 p.m.

ADJOURN

Tape HFC 78-36 #1569 to end
HFC 78-37 # 001 to end
HFC 78-38 # 001 to 348

3/9/78

HOUSE FINANCE COMMITTEE
March 10, 1978
8:40 a.m.

All members of the Committee were in attendance, except Representatives Buchholdt, Gruening, Meekins and Schaeffer. Representative Duncan arrived later in the meeting. Also in attendance were Representatives Pete Loveseth and Merle Snider; Harry Aase, Administrative Officer, and Pat Conheady, Department of Natural Resources; Bob Grogan, Fiscal Analyst, Legislative Finance Division.

PRESENT

Chairman Cowper called the meeting to order and stated the purpose of the meeting is to close out the NATURAL RESOURCES category of the budget. He stated the Committee would take the items one at a time, and if there are no objections, the subcommittee recommendations will be adopted. He asked that Representative Swanson, subcommittee chairman, proceed with the recommendations.

NRMEC BUDGET
CLOSEOUT

Representative Swanson stated Mr. Grogan would present the summary recommendations.

OFFICE OF THE GOVERNOR

Limited Entry - Mr. Grogan stated the subcommittee recommended a Total Expenditure of \$1077.7, with a cut in Contractual of \$68.4 for consultant fees, making that figure \$177.5. All other figures recommended were the Governor's. There were no objections, and this was adopted.

[Representative Duncan arrived at this time.]

Fisheries Commissions:

International North Pacific/International Fisheries/Pacific Marine Fisheries/Law of the Sea - Governor's figures were recommended. No objection; adopted.

Coastal Zone Management:

CZM Administration - The subcommittee recommended the Governor's figure less \$50.0 in Travel for a Total Expenditure of \$1889.6. Representative Swanson stated the subcommittee had not received a request for increased travel. There was discussion on travel expenses for transporting people in the rural areas to public hearings. Chairman Cowper noted this is a federal act which encourages local planning efforts and that maybe some federal money can be used. He asked that Mr. Grogan pursue this question and present the findings to the Committee. There was discussion on legislative intent with regard to putting back the \$50.0 in Travel to be used specifically for transportation of local

participants to the meetings. INTENT: "Where the meetings are held for the purpose of gathering local input, the travel expenses of village participants shall be paid; up to \$50.0." Chairman Cowper moved the Governor's Total Expenditure of \$1939.6, with intent. There was no objection, and it was so ordered.

INTENT

NOAA - Subcommittee recommended Governor's figures. No objection; adopted.

DEPARTMENT OF REVENUE

Fish & Game Licensing - Subcommittee recommended Governor's figures. No objection; adopted.

DEPARTMENT OF NATURAL RESOURCES

Land Management:

Central Office/Land & Water Director/Water Management - Governor's figures recommended. No objection; adopted.

Administration & Support:

Cadastral Engineering - Governor's figures recommended. No objection; adopted.

District Operations:

Southeast District - Governor's figures recommended. No objection; adopted.

Southcentral District - Subcommittee recommended a Total Expenditure of \$1372.9, with a reduction in Contractual of \$72.0 for helicopter standby on fires, making that figure \$254.3. There was no objection, and it was adopted.

Northcentral District - Governor's figures recommended. No objection; adopted.

Geological & Geophysical Programs:

Resource Investigations - Subcommittee recommended a Total Expenditure of \$1007.0, with a reduction in the Governor's figures in Travel to \$32.0, and in Equipment to \$12.0. There was no objection, and it was adopted.

Publications/Mineral Laboratory/Regulations & Information/Administration - Governor's figures recommended. No objection; adopted.

Mineral and Energy Management:

Leasing Management - Governor's figures recommended. No objection; adopted.

Petroleum Management - Subcommittee recommended Total Expenditure figure of \$569.0, with a reduction in Personal Services of \$100.0 to \$277.2 which deletes vacant positions and new positions requested. Representative Swanson stated some of the positions have been vacant for as long as four years. Chairman Cowper stated this would be affected by legislation (SB 503 and HB 830) dealing with setting up the Alaska Oil and Gas Conservation Commission. There was discussion on this. Chairman Cowper asked that this component be left open until after hearings on the legislation next week. There were no objections, and short form page 57 was left OPEN.

OPEN

Minerals Management/Administration - Governor's figures recommended. Chairman Cowper asked what Mineral and Energy Management means, and Mr. Grogan replied subsurface management, including both oil and gas and hard-rock people. There were no objections to the subcommittee recommendation, and it was adopted.

Oil & Gas:

Conservation - Subcommittee recommended Total Expenditure of \$941.2, with a reduction in Personal Services of \$155.8 to \$671.1 which deletes four vacant positions, but allows four new positions (trade-off), showing them in another category. Representative Swanson stated some of these positions have been vacant since 1974. Chairman Cowper advised this relates to page 57 and asked that it be left open. There were no objections, and short form page 63 was left OPEN.

OPEN

Royalty Oil & Gas Board - Subcommittee recommended Total Expenditure of \$195.7, with a reduction of \$36.7 in Governor's Contractual figure to \$100.0. There were no objections, and it was adopted.

Forest Protection & Management:

Fire Protection-State/Fire Protection BLM - Governor's figures recommended. No objection; adopted.

Research & Technical - Subcommittee recommended Total Expenditure of \$90.3, adding new position (Agronomist, \$27.6) requested. There was no objection, and it was adopted.

Management & Timber Sales/Administration - Governor's figure recommended. No objection; adopted.

Lands Administration & Support:

Lands Management - Governor's figure recommended. No objection; adopted.

Classification - Subcommittee recommended Total Expenditure of \$282.8, with a reduction in Contractual of \$16.3 to \$50.0, which deletes new position. Mr. Grogan stated the deletion was due to the description of the job and excessive telephone calls. There was discussion on this, with Mr. Conheady stating this would cut down on the ability to dispose of land. He stated all land has to be classified before it can be disposed of. There was further discussion as to whether this relates to homesites. Representative Duncan moved the figure of \$66.3 in Contractual be restored, making the Total Expenditure \$299.1. There was no objection, and it was so ordered.

Chairman Cowper stated the Committee would end the meeting with short form page 83 and continue the budget closeout at 1:15 p.m.

NRMEC
CLOSEOUT TO
CONTINUE

Representative Duncan moved and asked unanimous consent that a bill be sponsored by the Finance Committee that appropriates \$110,000 for the establishment of an adult home in There being no objection, it was so ordered.

FINANCE
SPONSORED
BILL

The meeting adjourned at 10:00 a.m.

ADJOURN

HFC 78-39 #0349 - #1640

HOUSE FINANCE COMMITTEE

March 10, 1978

1:30 p.m.

All members of the Committee were in attendance, except Representative Schaeffer. Representatives Buchholdt and Duncan arrived later in the meeting. Also in attendance: Representative Merle Snider; Harry Aase, Administrative Officer, Department of Natural Resources; Keith Specking, Legislative Liason, Office of the Governor; Bob Grogan, Fiscal Analyst, Legislative Finance.

PRESENT

Chairman Cowper called the meeting to order and stated he would refer SB 414 (agricultural revolving loan fund) to the Natural Resources subcommittee for their presentation at a later date.

Chairman Cowper stated before continuing the NATURAL RESOURCES budget closeout, he would like to discuss a proposal by the Geophysical Institute for scientific investigation for leasing potentially bearing portions of the Alaskan Continental Shelf. He stated it was his thought this could be placed under Geological & Geophysical Programs, Resource Investigations, short form page 43. There was discussion on where this program could be added. Mr. Grogan commented it could be added under Management & Administration, Office of the Commissioner, as a Miscellaneous item on page 133. It was decided this is where the \$47.1 program would be added.

NRMEC BUDGET
CLOSEOUT

GEOPHYSICAL
INSTITUTE

Chairman Cowper asked Representative Swanson to proceed with the subcommittee recommendations, beginning page 85.

DEPARTMENT OF NATURAL RESOURCES

Conservation Action Corps - Governor's figure recommended. No objection; adopted.

Parks and Recreation-Districts:

Mat-Su - Governor's figure recommended. No objection; adopted.

Chugach - Subcommittee recommended Total Expenditure of \$427.1, with a general reduction in Contractual of \$13.6 to \$122.0.

[Representative Buchholdt arrived at this time.]

Representative Gruening objected; then withdrew his objection. There was discussion on the consultant contract. Representative Swanson moved the Contractual figure \$126.0, deleting the consultant contract, making Total Expenditure \$431.1. There being no objection, it was so ordered.

Kenai-Kodiak - Governor's figure recommended. No objection; adopted.

Southeast - Subcommittee recommended the Governor's figure. Representative Freeman questioned there being a need for a Park Ranger in Ketchikan (new position). There was discussion on this, with Mr. Aase stating this is currently a part-time position, and the request is to make it full-time. Representative Haugen moved the Total Expenditure \$200.0, deleting the new position, leaving the Governor's Personal Services \$171.0, with a general reduction spread pro rata over the remaining line items. There being no objection, it was so ordered.

Copper Basin - Subcommittee recommended Total Expenditure of \$125.6, with a reduction in Personal Services of \$11.4 to \$58.1 which deletes Park Technician in Glennallen. There was no objection, and it was adopted.

Interior - Governor's figure recommended. No objection; adopted.

District Operations:

Operations Administration - Governor's figure recommended. No objection; adopted.

Park Management:

Park Development - Subcommittee recommended Total Expenditure of \$206.3, with a reduction in Personal Services of \$17.4 to \$178.4 deleting the two new positions. There being no objection, it was adopted.

State-Federal Coordination - Subcommittee recommended Total Expenditure of \$95.1, with a reduction in Contractual of \$11.1 to \$20.0. There being no objection, it was adopted.

Administration & Support - Subcommittee recommended Total Expenditure of \$193.6, with a reduction in Contractual of \$39.4 to \$35.0. There was no objection, and it was adopted.

Rural Recreation Ast - Subcommittee recommended this program DELETED be deleted. No objections; adopted.

Historic Resource Management:

Interpretation - Subcommittee recommended Total Expenditure of \$280.3, with reductions in Travel of \$4.5 to \$12.0 and in Contractual of \$17.2 to \$50.0. There was no objection, and it was adopted.

Land Use Planning:

Planning Unit/State-Federal Commission - Governor's figures recommended. No objection; adopted.

Management & Administration:

Office of the Commissioner - Subcommittee recommended Total INTENT Expenditure of \$587.2, deleting the two new positions (\$46.4), reducing Personal Services to \$455.1, Commodities to \$6.6 and Equipment to \$2.0. There was discussion on placing the proposed Geophysical Institute project in this component, with legislative intent. Chairman Cowper moved \$47.1 be added to Miscellaneous, with INTENT: "For contract with Geophysical Institute for Continental Shelf data accumulation with relevance to off shore leasing", making Total Expenditure \$634.3. There being no objection, it was so ordered.

Planning & Research - Subcommittee recommended Governor's OPEN figure. There was discussion on the authorized positions being used for D-2 purposes and not as they were intended. Representative Haugen moved the new positions be deleted. Chairman Cowper requested this component be held open, pending receipt of further information on these positions and how they relate to D-2. Representative Haugen withdrew his motion per the Chairman's request. There being no objection, it was so ordered. Short form page 141 was left OPEN.

State Pipeline Surveillance:

Oil Pipeline Surveillance - Governor's figure recommended. No objection; adopted.

Gas Pipeline Review/Pipeline-Administration-Other - Subcommittee recommended deletion of entire programs. Chairman Cowper stated if the programs do materialize, they could go through Budget and Audit Committee for approval. There was no objection; and it was adopted.

DEPARTMENT OF FISH & GAME

Commercial Fish:

Research - Subcommittee recommended Total Expenditure of INTENT \$2281.3, increasing the Governor's figure by \$2.6. There was discussion on the Governor's deletion of Kodiak king crab indexing. Mr. Grogan advised Representative Loveseth had an item he wanted to add with regard to a shell fish study and suggested the Committee might want to hold this component open pending further information. There was discussion on the need for a Biometrician in Juneau.

Chairman Cowper moved the Biometrician in Juneau (\$44.0) be deleted and that \$25.0 in Contractual be designated for Kodiak king crab indexing, with appropriate INTENT. There being no objection, it was so ordered. Recommended figures: Personal Services \$1538.9; Travel \$77.2; Contractual \$520.8; Commodities \$103.7; Equipment \$40.7; Total \$2281.3.

Management - Subcommittee recommended all new positions be OPEN deleted. There was discussion on adding items. It was moved this component be held open. There being no objection, it was so ordered. Short form page 155 was held OPEN.

Administration & Support - Subcommittee recommended Total Expenditure of \$726.1, with a reduction in Governor's Personal Services of \$135.2 to \$631.8, deleting all new positions. There was no objection, and it was adopted.

Federal Aid Programs - Governor's figure recommended. No objection; adopted.

[The meeting recessed at 3:08 p.m. and reconvened at 3:21 p.m.] RECESS

Game:

Investigations & Research - Subcommittee recommended Total Expenditure of \$4245.4, deleting all new positions (\$760.3). Recommended figures: Personal Services \$3049.7; Travel \$220.7; Contractual \$746.2; Commodities \$178.0; Equipment \$50.8. There was no objection, and it was adopted.

Management - Subcommittee recommended Total Expenditure of \$562.9, with an increase in Contractual of \$50.0 to \$244.6 for Deer Mountain transplant. There was no objection, and it was adopted.

Hunter Safety/Administration & Support - Governor's figure recommended. No objection; adopted.

Sport Fish:

Investigations & Research - Subcommittee recommended Total Expenditure of \$2574.0, with a reduction of \$201.3, which deletes seven new positions (or 1/2 of 14 new positions), making Personal Services \$1897.6; Travel \$128.4; Contractual \$362.7; Commodities \$128.4; rest are the Governor's figures. There was no objection, and it was adopted.

[Representative Duncan arrived at this time.]

Management - Subcommittee recommended Total Expenditure of \$823.7, with reductions in Travel to \$35.0, Contractual to \$35.0 and Commodities to \$20.0. There was no objection, and it was adopted.

Sport Fish Restoration/Administration - Governor's figure recommended. No objection; adopted.

FRED:

Operations - Subcommittee recommended the Governor's figure. There was discussion on the large increase over FY 78, with Mr. Grogan advising part of the increase is in transferring of hatcheries. He also stated short form pages 185-191 are non-support items this year. There was no objection; and this figure was adopted.

Administration - Subcommittee recommended Governor's figures plus adding \$164.4 in Miscellaneous for Prince William Sound Aquaculture Association, with a legislative INTENT. There being no objection, it was so ordered. There was discussion on adding an additional \$150.0 for Deer Mountain project in Ketchikan. Representative Snider proposed including \$250.0 for fertilization program in Bristol Bay and Kodiak. These figures were moved and adopted, pending receipt of backup material, making Total Expenditure \$1180.5.

[Representative Swanson left the meeting at this time. It was agreed that Mr. Grogan would continue the presentation.]

Technology & Development - Governor's figure recommended. No objection; adopted.

Administration & Support:

Office of the Commissioner - Subcommittee recommended Total Expenditure of \$215.7, which includes funding for the Administrative Assistant, but deletes the other two new positions. Chairman Cowper recommended the following INTENT: "This appropriation is contingent upon the Department of Fish & Game engaging in an affirmative effort to hire minority and female persons for positions in range 22 and beyond; and a report detailing such." Recommended figures: Personal Services \$183.1; Travel \$19.1; Contractual \$11.9; Commodities \$1.6. There being no objection, it was so ordered.

Information & Education - Subcommittee recommended Total Expenditure of \$201.0, which deletes one new position (Information Officer, Juneau). There was no objection; and this was adopted.

Administrative Services - Subcommittee recommended the Governor's figure. Representative Gruening objected to the Governor's deletion of the grants to the Fairbanks (\$15.0) and Anchorage (\$30.0) Zoos and moved \$50.0 be added to Lands/Buildings, making it \$290.0, for support of Alaska Zoos. There being no objection, it was so ordered. Total Expenditure: \$2248.8.

ALASKA
ZOOS

Housing Program - Subcommittee recommended Total Expenditure of \$113.6, deleting Equipment (\$17.0). There was no objection; and this was adopted.

Vessels - Governor's figure recommended. No objection; adopted.

Habitat Protection:

Land & Water Conservation/Administration & Support - Governor's figures recommended. No objection; adopted.

Environmental Monitoring - Subcommittee recommended Total Expenditure of \$492.0, deleting one new position (Habitat Biologist III, Fairbanks, \$49.6). Recommended figures: Personal Services \$386.3; Travel \$35.1; Contractual \$40.6; Commodities \$25.8; Equipment \$4.2. There being no objection, this was adopted.

Oil Pipeline Monitoring - Subcommittee recommended Total Expenditure of \$214.8, with reduction in Travel of \$22.1 to \$20.0. There was no objection, and it was adopted.

Gas Pipeline Monitoring - Subcommittee recommended deleting all but \$60.0 in Miscellaneous. Chairman Cowper suggested a consistent approach by deleting the entire program. There being no objection, it was so ordered.

DELETED

Chairman Cowper advised the Committee would continue with the NATURAL RESOURCES budget closeout on Monday morning at 8:30 a.m.

NRMEC
CLOSEOUT
MONDAY
ADJOURN

The meeting adjourned at 4:40 p.m.

HFC 78-40 #0001 - End
78-41 #0001 - #1607

3-10-78

Office of the Commissioner
Added of p. 133/3

ADD TO: Geophysics.

AVAILABILITY OF CONTINENTAL SHELF DATA

TO THE STATE OF ALASKA

DNR: K to Geophysics. Int.

Overview

In preparation for leasing of potentially petroleum-bearing portions of the Alaskan Continental Shelf, a large program of scientific investigations is being carried out. The chief reason for this work appears to be to enable the Bureau of Land Management to write environmental impact statements. Results of these scientific investigations are placed in very large volumes published every three months. Spread throughout these reports are maps showing site-specific relationships throughout the areas under study. However, the maps are at widely varying scales and formats. Under these conditions, inter-relation of aspects between maps is nearly impossible. However, the Bureau of Land Management appears to not find this ability necessary.

This offshore leasing activity, in both federal and state waters, will be of vital interest to the State of Alaska. The state's interest in an orderly and well-managed exploration and management of this area will very likely be greater than that of the federal government. In order to aid state decision-makers, both legislative and executive, this proposal calls for the compilation of existing map-format scientific data from the Beaufort Sea portion of this large scientific program and other sources, and the

publication of these maps in a single volume. In this volume, the maps will be of the same format, and at a scale sufficient to allow site-specific decisions to be made as well as inter-comparisons between maps.

THE ASSESSMENT PROGRAM

The Bureau of Land Management (BLM) has contracted with the National Oceanic and Atmospheric Administration (NOAA) to conduct an environmental assessment of the Alaskan continental shelf. NOAA has in turn contracted with universities, private companies, federal and state agencies to carry out specific aspects of the environmental assessment program. The total price tag for the Alaskan portion of this national program runs into the millions of dollars. The work has included a wide range of individual studies which will ultimately be synthesized by BLM personnel into the environmental impact statements.

Information Being Sought

Among the scientific studies being carried out, the following should yield information suitable for map display:

1. Geology. Studies are being conducted in the following areas:

- subsea permafrost. An analysis of the location and stability of permafrost located under coastal waters
- ocean floor plowing by large masses of ice
- locations of faults and centers of seismic activity.

- offshore bottom materials including locations of gravels and other building materials
- major landforms and geologic structure
- coastal erosion processes

2. Oceanography, Meteorology and Hydrology.

- oceanic and near shore current systems
- lunar and storm driven tides
- availability of fresh water on adjacent coast
- oceanographic processes (upwellings, etc.)
- potential pollutant transport pathways
- climatological regions

3. Sea Ice.

- Dynamics of near shore ice (analysis of dynamic events)
- Overall morphology of near shore ice (statistics)
- climatic effects on extent of ice
- historical analysis of ice conditions
- hazards to structures placed in near shore ice

4. Marine Mammals.

- migration patterns of whales
- seal feeding, breeding and feeding areas

5. Marine Birds.

- offshore migration routes
- offshore feeding areas
- near shore nesting areas

6. Fish, Plankton, etc.

- fish breeding areas
- migratory paths
- feeding areas
- major populations

The Mapping Project

NOAA has no known plans to compile these results into one Beaufort Sea volume with all map-format data displayed at high resolution. This project would collect this information from the various scientific teams involved and compile maps at sufficiently high resolution that lease-site specific decisions can be made by the State of Alaska. The maps will be such that they can be directly overlaid in order to determine relationships between different conditions mapped. In a selected number of cases, composite maps will be compiled showing the relationship between two attributes: e.g. near-shore gravels and fish breeding areas, where possible use conflicts might arise.

The data will be electronically stored using existing Geophysical Institute facilities. Electronic storage makes possible quick updating and rapid construction of composite maps.

Utility

Currently the joint federal-state lease schedule calls for a major portion of the Beaufort Sea continental shelf to be leased during December, 1979. In addition to

considerations concerning which leases are to be offered to bid, the state will soon thereafter need to consider what performance stipulations will be placed on each lease. Further, the state will need to consider what impacts offshore activities will have on other Alaskan resources. The information gathered by the Assessment Program placed in a map format should be a valuable aid to Alaskan legislators and executive departments during this process.

Distribution

These maps will be prepared in a format suitable for inexpensive duplication so that widespread distribution will be possible. It is anticipated that an initial 300 copies will be distributed to legislators and other interested parties (state commissions and departments) with additional copies sold at cost.

Cost

The approximate budget for this project would be as follows:

<u>Direct Labor:</u>	Project coordination	\$ 4,000
	Collection of data, etc.	6,000
	Cartographers	8,000
	Secretarial services	2,000

Materials and Supplies

Drafting supplies	400
Map storage files (fiber board)	200

Communications

telephone, postage, etc. (acquiring data from scientific teams)	600
Travel to Juneau and Anchorage to present results to Legislature & state agencies	500
Travel to meeting of NOAA scientific team	600

Duplication of Maps

Computer drafting charges (machine time)	800
Printing	4,000

Overhead, Benefits, etc.

Fixed ratio of direct labor (approximately)	<u>20,000</u>
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TOTAL	<u>\$47,100</u>
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Schedule

Completion date: Feb. 1, 1979

HOUSE FINANCE COMMITTEE

March 13, 1978

1:45 p.m.

All members of the Committee were in attendance except representatives Schaeffer, Duncan and Gruening. Representatives Guy and Meekins arrived later in the meeting. Also in attendance: Representatives Loveseth and Snider; and Keith Specking, Legislative Liaison, Office of the Governor.

PRESENT

Chairman Cowper called the meeting to order and stated they would continue to close-out the NATURAL RESOURCES category.

NRMEC

Commercial Fish, Research: Representative Swanson asked to return to this category so an item could be added. Representative Lovseth requested adding \$10.0 for a hardshell clam project in Kodiak. He advised they have hydroelectric dredges in there now to try and determine the feasibility. There was discussion on the project. Representative Lovseth advised that what they want is to do a study to see whether or not hydroelectric dredges do any harm to the industry.

Category
Re-opened

Chairman Cowper moved and asked unanimous consent that \$10.0 be added for the hardshell clam project. There being no objection, it was so ordered.

Representative Lovseth stated he would like to request one additional item. He requested a \$10.0 increase in the budget for fall and late winter herring stock assessment. He stated that so far he is not satisfied with what the Department has done. There was discussion on the project and vessels used.

Chairman Cowper advised that so far in this component, the Committee has approved the Governor's figure plus \$25.0 for studies. He asked if the \$20.0 for the projects Representative Lovseth has requested could be taken out of the budget figure they have already approved. Representative Swanson stated there is some slack on the budget. Mr. Grogan stated this could be done with legislative intent stating they are to do these studies within their present allocation. Chairman Cowper suggested making the appropriation contingent on the intent. There was further discussion.

Chairman Cowper moved and asked unanimous consent to adopt both the hard shell clam project and the fall and winter herring stock assessment, with legislative intent indicating what these are for. He further moved to include legislative intent stating the appropriation is contingent upon the Department carrying out the legislative intent, and that they fit the money (\$45.0) within the \$520.8 allocated. There being no objection, it was so ordered.

Legislative
Intent

DEPARTMENT OF FISH AND GAME
Boards of Fish and Game:

Board of Fish: Representative Swanson advised the subcommittee recommended the total figure of \$118.6, the only difference from the Governor's figure being a \$5.0 decrease in personal services, due to a position being reclassified.

Board of Game: Representative Swanson stated there was also a reclassification of a position here, changing the personal services figure to \$53.2, for a total of \$92.6.

Advisory Committees: The Subcommittee recommended the Governor's figure of \$95.5. Representative Guy stated the feeling in his area is that the Committee's don't have enough money to travel, and he requested this category be left OPEN so he could check into this.

Open

Protection:

Enforcement: The Subcommittee recommended the figures be the same as the Governor's, except travel be reduced to \$238.9, for a total figure of \$5134.0. There was discussion on last year's legislative intent concerning six additional positions. Chairman Cowper moved and asked unanimous consent that the Subcommittee's recommendation be accepted, and that Mr. Grogan check to see if last year's legislative intent was complied with. If the intent was not complied with he would like to come back and reopen this category. There being no objection, it was so ordered.

Director's Office: The Subcommittee recommended the Governor's figure of \$518.9.

Aircraft Section: The Subcommittee recommended the Governor's figure of \$772.7.

Marine Enforcement: The Subcommittee recommended the Governor's figure of \$1271.5. There was discussion on the commodities figure.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION
Water Programs:

Water Pollution Control: The Subcommittee recommended a total of \$198.3. They deleted the two new positions approved by the Governor and their related costs. There was discussion on the positions. One had been filled by revised program.

Water Supply: The Subcommittee recommended the Governor's figure of \$697.7.

Facility Construction and Operation: The Subcommittee recommended the Governor's figure of \$201.8.

Director's Office: The Subcommittee recommended the Governor's figure of \$95.5.

Environmental Analysis: The Subcommittee recommended the Governor's figure of \$298.7. Chairman Cowper asked what this component does, and Mr. Grogan stated they do not have a good program analysis relating to this budget. Chairman Cowper requested this component be held OPEN until they could determine what they do.

Open

Terrestrial Programs:

Air Quality: The Subcommittee recommended a total figure of \$164.2. They recommended the deletion of the two new positions allowed.

Land Use: The Subcommittee recommended the Governor's figure of \$203.5.

Director's Office: The Subcommittee recommended the Governor's figure of \$96.5.

Program Coordination: The Subcommittee recommended reducing travel to \$17.2 for a total figure of \$422.4. Chairman Cowper stated it would seem they would need the additional travel in order to do their job. Representative Freeman asked if the two additional positions were allowed and was advised they were. There was discussion on the two new positions. Representative Freeman moved to delete the two new positions. There was discussion. Representative Freeman withdrew his motion and moved to hold this component OPEN until they found out what the people do.

Open

Administration and Support:

Office of the Commissioner: The Subcommittee recommended the Governor's figure of \$293.6.

Advisory Boards: The Subcommittee recommended the program be deleted. There was discussion on the program. Chairman Cowper commented that there is a statute creating the Board's and as long as the program is on the books it should be funded. Representative Swanson moved to accept the Governor's figure of \$11.9. There being no objection, it was so ordered.

Management Services: The Subcommittee recommended a total figure of \$289.4. They recommended deletion of the new position for \$23.8 federal funds. The position was established by revised program. There was discussion on the positions. The Subcommittee's recommendation was accepted.

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Technical Services: The Subcommittee recommended the figure of \$333.9. They made a reduction in equipment to \$6.0, deleting \$12.0 for autoclave.

Pipeline Monitoring:

Gas Pipeline Impact: The Subcommittee recommended deleting the program on the same basis as the other pipeline monitoring programs were deleted. Chairman Cowper commented that if the program is started they can go through the Budget and Audit Committee for funds.

Regional Offices:

Southeast Region: The Subcommittee recommended the Governor's figure of \$257.2.

Southcentral Region: The Subcommittee recommended the total figure of \$498.7. The difference from the Governor's figure is the deletion of the four new positions requested and their related costs. Chairman Cowper moved to accept the Subcommittee's recommendation with the understanding that SB 227 relates to this component, and if the bill passes, they can come back and reopen this component. There being no objection, it was so ordered.

Northern Region: The Subcommittee recommended the total figure of \$452.3. The difference from the Governor's figure is the deletion of the three new positions requested and their related costs. Chairman Cowper stated SB 227 also relates to this component, and stated they would come back and reopen this component if the bill passes.

Prince William Sound Region: The Subcommittee recommended the Governor's figure of \$159.6.

Tank & Oil Terminal Safety:

Tanker and Oil Terminal Safety: The Subcommittee recommended the total figure of \$423.9. The Subcommittee took the Maintenance figures for Personal Services, Travel, Commodities, and Equipment; and took a general reduction in travel to \$125.0. There was discussion on deleting the new positions. Mr. Specking advised that his understanding is that deleting these positions negates the program. Mr. Grogan recommended leaving this component OPEN until they could get a reading from Administration.

Open

Mr. Keith Specking presented an organizational chart for the Department of Fish and Game. There was discussion on the re-organization.

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Representative Guy asked Committee members to refer back to Water Programs, Facility Construction and Operation. He stated the village of Tiluksak has a problem with their water system. He advised people in the camp above are dumping their sewage in the river where the Village obtains its water supply. He stated they have a request in to Public Health Service, but have not been able to put it together yet. He asked to have \$15.0 added to repair their sewer system. He advised this money would be refunded once they got the funds from PHS. Chairman Cowper stated he would like to leave this OPEN at this time, and he will contact Environmental Conservation to see what they intend to do about this.

Open

ADJOURN

The meeting adjourned at 4:30 p.m.

Tape HFC 78-42 # 001 to end
HFC 78-43 # 001 to 1347

3/13/78

HOUSE FINANCE COMMITTEE

March 14, 1978

8:40 a.m.

All members of the Committee were in attendance, except Representative Duncan. Representatives Gruening and Meekins arrived later in the meeting. Also in attendance: Representatives Lisa Rudd and Bill Akers; Major General C.F. Necrason, Lt. Colonel R.H. Holmsen, Department of Military Affairs; Jerry Smetzer, Director, Fairbanks Town and Village Association for Development, Inc.; Clayton Hueners, Division of Aviation Design and Construction, and Verne Metcalfe, Legislative Liason, Department of Transportation and Public Facilities.

PRESENT

Chairman Copwer called the meeting to order and stated the first bill to be discussed is HB 589:

HB 589

"An Act establishing the Alaska National Guard Senior ROTC Scholarship Program; and providing for an effective date."

General Necrason stated Lt. Col. Holmsen would give the presentation. Lt. Col. Holmsen advised HB 589 is designed to foster the ROTC program by providing an additional incentive to students to maintain enrollment in the program at the University. He stated this would provide an additional source of officers to ensure that the Alaska National Guard meets their projected officer needs. He stated the program is sanctioned by the Department of Defense and has been working well in Ohio. He stated 15 students are enrolled in the program presently, and 40 are predicted by 1984.

There was discussion on the eligibility requirements, with Lt. Col. Holmsen stating the individual must be a full-time student at the University of Alaska and qualify for resident tuition status. Representative Swanson questioned the 30-day residency requirement. Lt. Col. Holmsen replied the residency requirement is the same as for the University, but the individual must continue to participate in the ROTC program to be eligible for the scholarship. He stated the \$440 per individual per semester would cover tuition, fees and books. He stated he felt this would provide encouragement for all individuals to go through the entire four-year program.

Representative Buchholdt asked how the National Guard promotes this type of scholarship. Lt. Col. Holmsen replied they concentrate their efforts through the University and through the high school and that the Department does very little public advertising. In answer to a question, he stated, currently, the program is only at Fairbanks; however, as the program becomes successful, it will be offered at Anchorage.

Representative Freeman moved and asked unanimous consent that HB 589 be reported out of Committee. Representative Swanson objected, then withdrew his objection. There being no further objection, it was so ordered. HB 589 was reported out with a "do pass" recommendation. HB 589
REPORTED OUT

[Representative Gruening arrived at this time.]

There was discussion on the Anchorage and Kotzebue Armories, with General Necrason making referecne to HB 709, and stating there is an absolute requirement for the armory in Kotzebue. He stated there is a definite need for a multi-unit armory. Chairman Cowper asked if there is an Air National Guard now at Kotzebue and was informed no, only at Anchorage. Lt. Col. Holmsen advised the armories request were included in the budget request to the Governor. He stated that, in establishing priorities, the Department supported the Governor's decision; however, eventually all these facilities will be needed.

Chairman Cowper stated the Committee would address HB 795: HB 795

"An Act making a supplemental appropriation to the Department of Community and Regional Affairs for the benefit of the Fairbanks Town and Village Association for Development, Inc.; and providing for an effective date."

Mr. Akers stated essentially this program provides basic data for regional development efforts in the rural areas. He stated last year the Legislature appropriated \$75,000 for this program, but this year, the Governor cut it in half to \$37,500. He stated this supplemental will keep the program going through the remainder of FY 78. He advised Jerry Smetzer would present the particulars.

Mr. Smetzer stated this program fills a gap in determining capital improvement needs in the rural areas. He stated through this pilot program, they can get some determination as to each community's needs, and it provides an opportunities list for combining projects so that construction and operation costs can be reduced. Representative Buchholdt asked if this helped the village councils. Mr. Smetzer replied it is aimed at the rural areas outside the Fairbanks North Slope Borough. Representative Rhode asked for an explanation of the Town and Village Association. Mr. Smetzer advised it is a private, non-profit organization established to assist community planning for capital improvement programs in all rural areas. He stated most of the financing has come from the federal government.

Representative Gruening moved and asked unanimous consent that HB 795 be reported out of Committee. Representative Freeman objected, then withdrew his objection. There being no further objection, it was so ordered. HB 795 was reported out with a "do pass" recommendation. HB 795
REPORTED OUT

[Representative Meekins arrived at this time.]

Chairman Cowper brought HB 622 up for discussion:

HB 622

"An Act making a special appropriation to the Department of Transportation and Public Facilities to continue construction of a North-South runway at Anchorage International Airport; and providing for an effective date."

Chairman Cowper asked that Mr. Hueners detail the status of litigation between the federal government and Mr. John Overby, as Martha Mills, Attorney General's Office, Anchorage, was unable to attend.

Mr. Hueners advised the present status has not changed. He stated the trial date is April 7, by judge. Chairman Cowper noted Mr. Overby feels his case is strong and that the judge appears to be sympathetic to Mr. Overby. He stated the case would probably not be settled out of court. He advised Mr. Overby was to appear before the Committee today but had to go to Seattle instead. He stated he felt it important that Mr. Overby testify before the Committee.

Mr. Hueners stated two things have happened since the last hearing; one, an appraiser has been retained who has expertise in assessing noise impact. He stated the other development is that in answer to a letter the Department wrote to the FAA, they indicated that, if the State proceeded with State funds to build the project, it was doubtful they would reimburse the State at a later date even though the State prevailed in the suit. He stated since that letter, however, the Department has had indication from the FAA that they would, in fact, reimburse the State at a later date and that they are looking to amend the grant. Chairman Cowper asked if first the FAA said they would not reimburse and then they said they would. Mr. Hueners stated that was correct. He stated that, at the present time, the Department has nothing in writing, but the FAA is working on it. Chairman Cowper asked the DOT/PF's official position on this. Mr. Hueners stated they are in favor of the bill, as passage would give them the option to build the runway, which is a number one priority.

Chairman Cowper stated it was his understanding the FAA had not shown a necessity for the runway, as they won't finance a runway unless the crosswinds are shown to be more than 15 knots at least 5% of the time. Mr. Hueners stated that was correct; you have to show that you have a 15 knot direct crosswind component 5% of the time. He stated, initially, the crosswind compilation was performed by Department staff, who came up with crosswinds 5% of the time in excess of 15 knots. He stated Mr. Overby retained a meteorologist from California who, based on his computations, came up with 4.9%

of the time there was a direct crosswind component. He stated during a two-year period, the anemometer was in a protected area and the Department through out that data on the basis of its not being representative. He stated Mr. Overby's representative considered it, which probably accounts for the difference of figures. Mr. Hueners stated, since the hearing, the Department has retained a Mr. Hagger, former director of the National Weather Service, meteorologist, who has gone through all the data and come up with a 15 knot direct crosswind component 5.2% of the time.

Chairman Cowper asked how many homes are in the same noise contour. Mr. Hueners replied there are 150 homes in a subdivision affected by the East-West runway and eight homes in Mr. Overby's area. Chairman Cowper asked Mr. Hueners to diagram where Mr. Overby's home is located with respect to the North-South runway. Mr. Hueners illustrated this on the board and stated Mr. Overby is approximately 12,000 feet from the south end of the runway. He stated the area between the runway and the Overby residence is primarily gravel pits. He stated those homes affected by the East-West runway are exposed to a greater noise impact than that of Mr. Overby. There was discussion on the State's obligation to pay all those people located near the airport runways. Mr. Hueners stated many people deferred their option.

Chairman Cowper asked the rate of climb over the Overby house. Mr. Hueners stated perhaps 1,000 feet and that it might be lower on approach. He stated Mr. Overby would only be affected by the 707s or DC-10s and that, presently, there is a North-South runway but it cannot accommodate the large aircraft. Representative Rudd brought up the fact that Mr. Overby built his home after plans were approved for the North-South runway. She also stated the grant for the runway was established in June 1977; therefore, there should be no problem with reimbursement from the FAA. There was further discussion on the State's being reimbursed for funds expended.

Representative Rudd stated time was of the essence. She stated the DOT/PF is ready to go to bid now on the construction and that every week delayed costs money. Mr. Hueners stated it takes 75-90 days from the start of bids to the start of construction. He stated the grading job cannot be done in the winter and hoped to move 1/3 to 1/2 this season.

There was discussion on a "super airport" in the Mat-Su area and of Anchorage International being phased out. Mr. Hueners stated the State has reserved property west of Goose Bay; however, this is not feasible at this time. There was also discussion on pressure to move Merrill Field.

Chairman Cowper advised a number of things have to be considered by the Committee before it takes action on this bill.

He stated they need a more definite statement from the FAA. Mr. Hueners advised the FAA will provide one, as he has talked with their attorney, and it is currently being discussed with the Agency. Chairman Cowper commented on the need to hear testimony from Mr. Overby and Commissioner Harris regarding the position of DOT/PF. He stated HB 622 would be held over until that time.

HB 622
HELD OVER

The meeting adjourned at 10:00 a.m.

ADJOURN

HFC 78-43 #1350 - End
78-44 #0001 - #1084

HOUSE FINANCE COMMITTEE
March 14, 1978
1:25 p.m.

All members of the Committee were in attendance. Representatives Schaeffer, Guy, Meekins, Duncan, and Gruening arrived late. Also in attendance were representatives of the Alaska Association of School Boards, and Dave Scott, Legislative Finance Division.

PRESENT

Chairman Cowper called the meeting to order and advised that members of the Alaska Association of School Boards would present testimony.

TESTIMONY
FROM AASB

Mr. Glen Chowning, President, AASB, stated he would like to advise the Committee of legislation of concern to them. Mr. Chowning advised AASB supports legislation doing away with the majority requirement for run-off elections in REAA's. They support strengthening legislation for recall petitions of election officials.

Mr. Chowning advised they support allowing 180 days accumulated sick leave to be used to accumulate towards retirement. He stated they feel it will cut down on the use of sick leave.

He advised they support full-funding as stated in the statutes for community schools.

AASB supports the Department of Education's formula for funding bilingual education.

AASB supports allowing teachers to check judicial review by Supreme Court to determine that due process has been used.

AASB supports adding one year to the process of gaining tenure by certificated personnel.

AASB does not support requiring the approval of community school committees in hiring personnel.

AASB does not support the idea of mandating community school committees in REAA's. Mr. Chowning commented they feel REAA's should be treated as any other school district, in that they can have the choice on whether or not they want community school committees.

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AASB does not support CSHB 489 which broadens the scope of bargaining. They feel bargaining should be economic considerations only, all else should be local control. They feel this bill will take bargaining out of the hands of local officials. Mr. Chowning stated they feel bargaining is very costly to the school districts and it does not contribute to the education of children. They are strongly opposed to binding arbitration.

AASB does not believe in giving teachers the right to strike. Mr. Chowning advised that schools are required by state law to be open 180 days each year; if teachers strike they will still have to be open 180 days, so teachers would not lose anything by striking.

AASB does not support raising the teachers certificate fee to \$50.00 to support PTPC. He stated they don't necessarily object to the raising of the fee, but they don't believe there is any need for PTPC, and therefore object to supporting them with the fee raise.

AASB supports and commends the legislature for prior year funding on instructional efforts.

AASB supports a 10% increase in instructional units, to \$31.9 for the year after next.

Mr. Darryl Hardgrave stated he would like to speak concerning capital construction. Mr. Hardgrave referred to HB 681, and stated that the AASB thinks the 80% floor is very good. However, they asked that the concept of up-front money be considered. He stated they endorse the 80-100% sliding scale, but they think it should be based on local evaluation.

AASB recognizes that special situations develop, due to fire, etc., and they support special legislation to meet the special area problems and unique needs.

Mr. Hardgrave stated a bill passed into law made 100% reimbursement to school districts prior to 1976. He stated that today they receive 80% funding. He stated school districts have to know what the law is and will be done.

Mr. Larry Niland spoke concerning construction in rural areas. He advised the Governor has introduced a bill for \$72 million for construction of schools. He stated this is for construction of rural high schools to meet the Hootch Case requirements. He advised the Association supports the bill, but asks that the appropriations for that bill be made on a lump sum basis, as opposed to a line item basis.

Mr. Niland referred to SB 485 and stated the Association is working towards some type of equal trade for city and rural school districts. He advised the Association feels it is necessary for local districts to have responsibility in these areas.

Mr. Bob VanSlyke addressed funding for special education in the state. He advised that currently districts are experiencing difficulty in coming up with money for additional staff to provide for children with special needs. He stated they suggest revisions in the foundation support for special education.

Mr. VanSlyke advised they are requesting that there be a one year moratorium on changing foundation support, and that in the interim the funding be no less than the initial projections for 1978. The Association further requests that the Department of Education be authorized to conduct a statewide cost analysis of special education.

AASB requests the Department of Education be authorized to enter into special funding arrangements with two or three districts on a period basis to find out different methods of funding.

[Chairman Cowper left.] Vice-Chairman Freeman thanked members of the School Board for appearing before the Committee. The meeting recessed at 2:35 p.m. and Vice-Chairman Freeman recalled the meeting to order at 2:45 p.m.

RECESS

Vice-Chairman Freeman stated the next budget area to be closed-out was EDUCATION.

EDUCATION
CLOSE-OUTS

OFFICE OF THE GOVERNOR:

Alaska Historical Commission: Representative Buchholdt advised that the Governor's figure does not include the amount requested for space rental. She advised that the University is going to charge the Commission for space, so the Subcommittee recommends changing the Governor's Contractual figure to \$51.9. In addition, the Subcommittee recommended adding a grant in the amount of \$35.0 for the purpose of one major historical document for the State, to be used to extract letters from elementary and secondary levels. With these changes, the new total would be \$208.1.

Alaska Arts Council:

Administration & Support: The Subcommittee recommended the following figures:

Personal Services	141.3
Travel	47.4
Contractual	37.8
Commodities	7.8
Equipment	.0
TOTAL	234.3

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Mr. Scott advised that personal services reduction was due to the Agency indicating they would reduce current year positions by \$40.0. He stated that, in addition, the Agency requested the Accountant III position be granted as a one-half year position. Representative Buchholdt stated the position is to provide resources for rural area activities. There was discussion on the position. Representative Buchholdt indicated the position was to be half-time full-year. There was no objection to the Subcommittee's recommendation.

Grants: The Subcommittee recommended the figure for grants be changed to \$1284.4. Representative Buchholdt advised there was some money in Education that was moved around, so the increase here was brought from other sections. She advised that \$374.2 is restricted funds income from the National Endowment on the Arts. She stated the following legislative intent was to be included in this category:

LEGIS-
LATIVE
INTENT

- 1) National Endowment on the Arts restricted funds shall be in the amount of \$374.2.
- 2) Up to 8% of the total budget shall be used for Cross-Culture Heritage funds. Unexpended funds shall lapse into the General Fund.
- 3) Alaska Repertory Theatre is to receive total funding of \$174.9.
- 4) The Southeastern group "Arts on the Move" is to receive \$6.3 for the Petersburg Senior Citizen Program.

DEPARTMENT OF ADMINISTRATION:

Teacher Retirement

Regular TRS State: The Subcommittee recommended the Governor's budget be reduced to \$13818.2. There was discussion on the figure. Mr. Scott will check the figure.

DEPARTMENT OF EDUCATION:

Financial Support Programs

Mr. Scott advised that the BRU's under the Financial Support section have been changed around. See attached sheet for new components and figures.

Student Adm. Support: The Subcommittee recommended the Governor's figure.

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Special Education Adjustments: The Subcommittee recommended a reduction because overpayments from last fiscal year are to be repaid. The Subcommittee recommended the figure of \$20,000.0

Vocational Education Adjustments: The Subcommittee recommended the Governor's figure.

BIA Transfer Units: The Subcommittee recommended the figure of zero in that the Department revised their figure for potential transfers to zero.

Correspondence Study - Local: The Subcommittee recommended the Governor's figure.

Correspondence Study - DOE and Community Schools Adjustment: The Subcommittee recommended the Governor's figures. These BRU's were moved from other components within the Department.

The Subcommittee recommended that two new components be added under the Financial Support Programs category:

Rural Student Vocational Programs: The funding sources for this new component are: \$247.0 federal funds and \$414.0 interagency transfers from school districts; for a total figure of \$560.0.

Student Lunch Program: The Subcommittee is recommending a figure of \$3872.1 for this new component. Mr. Scott advised this is the first year of funding the program based on a statute passed last year. Approximately 50% funding level was estimated.

Finance Support Programs:

Pupil Transportation - Public: The Subcommittee recommended the figure of \$17210.6. Mr. Scott stated contractual costs for transportation have increased in past years. He stated the Subcommittee recommendation was that, rather than reimburse contractors for the current year, the State will pick up costs for the prior year. There was discussion. The following legislative intent was adopted: "There will be 100% funding of the previous year's expenses plus up to 6% for inflation."

LEGIS-
LATIVE
INTENT

There was discussion on legislative intent from last year. The following legislative intent from last year was to be included again this year: "The Department shall continue to transport students from Kupreanof Island to Petersburg as long as there are students to be transported, regardless of number, provided there is an outstanding contract to transport the students."

LEGIS-
LATIVE
INTENT

3/14/78

Pupil Transportation - Private: The Subcommittee recommended the total figure of \$383.3 with the same legislative intent indicated in the previous component: "There will be 100% funding of previous year's expenses plus up to 6% for inflation." Discussion on the increase in funding. The reason for the increase is the increase in the number of private students requiring transportation.

LEGIS-
LATIVE
INTENT

Debt Retirement - Local: The Subcommittee recommended the figure of \$25553.8. Representative Buchholdt stated they took the request figure instead of the Governor's figure. She stated the request figure is 100% funding of schools, while the Governor's figure is 80%.

Tobacco Tax Distribution: The Subcommittee recommended the Governor's figure of \$2003.2.

Supplemental Programs: The Subcommittee recommended the Governor's figure of zero.

Local Formula - REAA: The Subcommittee recommended the figure of \$8973.7 which is a revised figure received from the Department of Education.

SOS ASHA Payments: The Subcommittee recommended the Governor's figure of \$286.0.

Bilingual Fund: The Subcommittee recommended the Governor's figure of \$724.5, and indicated that HB 851 is concerned with the program.

Regional Resource Centers: The Department of Education has indicated they could work with this figure. The Department has had some requests to increase the amount to \$100,000 each for each resource center. There was discussion on the centers. Representative Buchholdt requested this component be held OPEN.

OPEN

Federal Programs: The Subcommittee recommended the Governor's figure minus the Rural Student Vocational Program (\$247.0) and the student lunch program (\$2700.0), which have been set up as separate components, for a total figure of \$11538.5.

Tuition Students: The Subcommittee recommended the Governor's figure of \$3944.4.

Boarding Home Grants: The Subcommittee recommended the FY 78 authorized figure of \$2722.8. Representative Buchholdt stated with all the different types of programs in the State, and with additional high schools that are going to be constructed due to the Hootch Case, they tried to put a hold on the program. She stated this could encourage students to stay closer to home.

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State Contract Programs: The Subcommittee recommended the Governor's figure of \$17684.2.

Student Financial Aid:

Scholarship Loan Program: The Subcommittee recommended that the Grants be increased to \$5000.0 with the following legislative intent: "Students taking up petroleum related trades at the Seward Skill Center shall be given consideration to this program." The Subcommittee also recommended additional legislative intent: "The increased receipts are based on the ability of the clerks to collect the money."

LEGIS-
LATIVE
INTENT

Administration: The Subcommittee recommended the following figure:

Personal Services	\$354.4
Travel	7.4
Contractual	128.7
Commodities	5.2
Equipment	4.0
TOTAL	<u>\$499.7</u>

Representative Buchholdt stated they allowed four new positions, but did not allow the Accounting Clerk and the Awards Clerk. Mr. Kerry Romesburg stated they need the five additional people. He advised they currently have 14 positions: Four were transferred in and one position was down-graded. He stated they have a computer system which will be on-line in September, and this will prevent them from asking for additional positions each year. This component was held OPEN.

OPEN

The meeting adjourned at 4:35 p.m.

ADJOURN

Tape HFC 78-44 #1083 to end
HFC 78-45 # 001 to end
HFC 78-46 # 001 to 886

3/14/78

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

***** EDUCATION *****

Sub-Committee

3/14/78

SHORT FISCAL PAGE	BUDGET COMPONENT	FY77- ACT	FY78- ADJ	MAINT	REQUEST	GOVERNOR
2	OFFICE OF THE GOVERNOR					
	ALASKA HISTORICAL COMMISSION	136.0	146.5	170.1	170.1	158.5
	ALASKA ARTS COUNCIL					208.1
6	ADMINISTRATION AND SUPPORT	315.1	247.3	343.2	348.2	250.0
8	GRANTS	805.9	983.0	1042.0	1009.0	1049.0
	*** PROGRAM TOTAL ***	1121.0	1230.3	1355.3	1417.2	1357.5
	*** AGENCY TOTAL ***	1257.0	1376.8	1555.3	1527.3	1477.5
	DEPARTMENT OF ADMINISTRATION					
13	TEACHER RETIREMENT					
	REGULAR TRS STATE	13687.0	14348.3	17218.2	17218.2	17218.2
	13,818.2					
	DEPARTMENT OF EDUCATION					
	FINANCIAL SUPPORT PROGRAMS					
16	PUPIL TRANSPORTATION-PUBLIC	13368.7	14371.3	17554.1	17554.1	17510.1
18	PUPIL TRANSPORTATION-PRIVATE	120.0	127.2	295.0	295.0	300.0
20	REVENUE SHARING 874	1869.4				383.7
22	RENT RETIREMENT-LOCAL	9051.5	11600.0	25553.3	25553.3	25,553.8
	STUDENT TUITION VOUCHER PROG.	400.4	500.0	500.0	500.0	500.0
	STUDENT TUITION PROG-STATE SUPP.	1254.7				3,672.4
	OUT OF DISTRICT STUDENTS	2400.0	2104.4	2003.2	2003.2	2,003.2
	TUITION TAX DISTRIBUTION	6147.7				
	MILITARY TUITION	146.7	40.0	40.0	40.0	-0-
	SUPPLEMENTAL PROGRAMS	6440.3	9225.5	12083.6	12083.6	8,973.7
	LOCAL FORMULA-REAA	311.0	311.0	286.0	286.0	286.0
	SES ASST PAYMENTS	623.5	623.5	724.5	724.5	724.5
	EDUCATIONAL FUND	440.0	350.0	350.0	350.0	350.0
	REGIONAL RESOURCE CENTERS	10925.4	14215.7	14234.5	14234.5	14,234.5
	FEDERAL PROGRAMS		3505.8	3464.4	3464.4	3,464.4
	TUITION STUDENTS		2722.8	2886.2	2886.2	2,886.2
	GRADING HOME GRANTS	2908.5				2,908.5
	STATE CONTRACT PROGRAMS	57067.9	77295.1	98203.5	98203.5	98,203.5
	*** PROGRAM TOTAL ***	711.0	638.8	677.9	711.2	701.2
	ADMINISTRATION & PROGRAM SUPPO	327.8	451.2	387.5	387.5	387.5
	ADMINISTRATIVE SERVICES	630.1	670.3	611.4	611.4	611.4
	FINANCIAL ACCOUNTING & AUDIT	1675.5	1730.3	1876.8	1710.1	1700.1
	GENERAL OVERHEAD					
	*** PROGRAM TOTAL ***	135910.3	152826.0	153473.0	153873.0	153,215.0
14	FOUNDATION PROGRAM COMPONENTS					
14	STUDENT ADA SUPPORT	15411.1	17633.7	21005.6	21005.6	20,000.0
14	SPECIAL EDUCATION ADJUSTMENTS	11244.5	12235.0	13600.0	13600.0	13,600.0
14	VOCATIONAL EDUC. ADJUSTMENTS	2465.0	511.5	800.0	800.0	-0-
14	DIA TRANSFER UNITS	737.7	325.0	941.0	941.0	941.0
54	CORRESPONDENCE STUDY-ODE	2508.5	3532.4	3121.4	3121.4	3,121.4
14	CORRESPONDENCE STUDY-LOCAL	851.9	1010.6	1212.7	1212.7	1,212.7
80	COMMUNITY SCHOOLS ADJUSTMENT	170229.0	198065.2	194574.8	194574.8	194,574.8
	*** PROGRAM TOTAL ***	402.6	451.2	442.4	304.1	387.7
56	DEPARTMENT OF EDUCATION					
70	CARDS CULTURAL EDUCATION					578.5

HOUSE FINANCE COMMITTEE
March 15, 1978
8:36 a.m.

All members of the Committee were in attendance, except Chairman Cowper, Representatives Guy, Meekins and Schaeffer. Representatives Duncan and Gruening arrived later in the meeting. Also in attendance: Barbara Thomas, Budget and Management; Dave Scott, Legislative Finance.

PRESENT

Vice Chairman Freeman called the meeting to order and stated the Committee would continue the EDUCATION budget closeout and asked Representative Buchholdt, subcommittee chairman, to proceed.

EDUCATION
BUDGET
CLOSEOUT

DEPARTMENT OF EDUCATION

Post Secondary Education Commission:

General Administration - Subcommittee recommended Total Expenditure of \$472.2, with an increase of \$18.8 over the Governor's Personal Services figure. Representative Buchholdt stated this was an Agency request for Maintenance, which also includes federal funds of \$18.8. There being no objection, this was adopted.

[Representative Duncan arrived at this time.]

Center for Staff Development - Representative Buchholdt stated this program was zeroed out, as it became a non-profit corporation no longer affiliated with the State.

[Representative Gruening arrived at this time.]

Wiche - Subcommittee recommended Total Expenditure of \$801.5, with an increase in Grants, Claims of \$85.8 to \$742.0 due to a 70% increase in eligibles. There being no objection, this was adopted.

Adult Education & Vocational Training:

Adult Basic Education - Subcommittee recommended Total Expenditure of \$1283.0, with an increase of \$176.3 which reflects 6% inflation. There was discussion on the Adult Literacy Lab/Program, with Representative Swanson requesting it be funded at the same level as last year. Mr. Scott stated he thought what Representative Swanson was referring to is funded in SB 717. Representative Buchholdt stated she has received further requests to increase this component; therefore, she asked that it be left open. There being no objection, short form page 75 was held OPEN.

OPEN

Fire Service Training - Subcommittee recommended the Governor's figure of \$72.1. No objection; adopted.

Adult Vocational Education - Subcommittee recommended Total Expenditure of \$103.7, which is an increase of \$53.6, with INTENT: "\$53.6 be used for vocational and educational programs emphasizing English as a second language." There being no objection, this was adopted.

Community Schools \$1212.7/CETA Vocational Educational Grants \$200.0/Grants Administration \$543.1 - Governor's figures recommended. No objection; adopted.

Skill Center - Subcommittee recommended the Governor's figure. Representative Rhode requested an additional \$123.3 for petroleum studies at the Seward Skill Center to be coordinated with the Kenai Community College. Representative Buchholdt moved \$123.3 be added for this purpose, making Total Expenditure \$2592.3. There being no objection, it was so ordered.

Public Broadcasting Commission: Subcommittee recommended Total Expenditure of \$3004.7, with an increase of \$593.0 in Grants, Claims section. There was discussion on this, with Representative Duncan indicating a problem with the Governor when these funds are allocated in a lump sum. Representatives Duncan and Haugen requested this component be left open. There being no objection, short form page 89 was held OPEN.

Museums: Subcommittee recommended Total Expenditure of \$628.4. Representative Haugen requested \$30.0 (\$15.0 each) to upgrade the maintenance on the Wrangell and Petersburg Museums. There was discussion if this should be in the capital or operating budget. There being no objection, the motion carried. Representative Duncan requested this component be left open. There being no objection, short form page 91 was held OPEN.

State Library:

Regular Operations - Subcommittee recommended Total Expenditure of \$1682.0, which increases Personal Services to \$903.7; Travel to \$31.4; Grants, Claims to \$200.5; and adds \$25.0 to Miscellaneous with INTENT: "\$25.0 for the State Library be allocated to the International Order of Women's Legislative Conference." There being no objection, it was so ordered.

Anchorage Media Center - Governor's figure of \$511.6 was recommended. No objection; adopted.

Alaska Health Science Library - Subcommittee recommended Total Expenditure of \$122.7, which adds \$15.0 in Contractual. There being no objection, this was adopted.

Program Evaluation:

K-12 Education Program - Subcommittee recommended Governor's figure of \$688.8. There was discussion on the Department of Education with regard to standard school districts basic requirement of 19 hours of study and there being no statewide competency level nor statewide textbooks. Representative Buchholdt stated the subcommittee would work out appropriate INTENT.

Vice Chairman Freeman advised the Committee would end with short form page 103 and continue the EDUCATION budget close-out at 1:15 p.m. and then proceed to the GENERAL GOVERNMENT budget category.

The meeting adjourned at 10:00 a.m.

ADJOURN

HFC 78-46 #0889 - End
78-47 #0001 - #0508

HOUSE FINANCE COMMITTEE

March 15, 1978

2:20 p.m.

All members of the Committee were in attendance except Representatives Meekins, Gruening, Cowper and Duncan. Representatives Schaeffer and Guy arrived later in the meeting. Also in attendance: Mr. Dave Scott, Legislative Finance Division.

PRESENT

Vice-Chairman Freeman called the meeting to order and stated the Committee would continue to close-out the EDUCATION category.

EDUCATION

DEPARTMENT OF EDUCATION

Program Evaluation:

K-12 Education Program: The Subcommittee recommended the Governor's figure of \$530.0.

Career & Vocational Education: The Subcommittee recommended the Governor's figure of \$530.0.

Special Education: The Agency advised the Subcommittee that there had been a reduction in federal income based on their latest information. Therefore, the Subcommittee recommended a reduction in Personal Services to \$219.8, with all other figures the same as the Governor's, for a total figure of \$276.2. Federal receipts income is \$228.4.

Supplemental Programs: The Subcommittee recommended the Governor's figure of \$715.2.

Professional Teaching Practice: The Subcommittee recommended the maintenance figure of \$117.2, with the following legislative intent: "The Professional Teaching Practices Commission shall go back to the Department of Education and request certification fees, and the budget will be dependent upon a fee increase." The Subcommittee recommended the following change in funding: G.F. Match \$18.5, and Program Receipts \$98.7.

LEGISLATIVE
INTENT

Executive Administration:

Commissioner: The Subcommittee recommended an increase in contractual to \$119.6, with all other figures the same as the Governor's, for a total figure of \$564.7, with the following legislative intent "The Department is to become more involved in affirmative action activities."

LEGISLATIVE
INTENT

3/15/78

Planning Info. & Research: The Subcommittee recommended an increase in Contractual to \$265.9, all other figures the same as the Governor's, for a total figure of \$647.5, with the following legislative intent: "55.0 is for development of a high school competency program, and a report shall be made to the Legislature."

Boards & Commissions: The Subcommittee recommended the Governor's figure of \$184.2.

Project ETA: Representative Buchholdt advised that the Local School Districts do not want to support any experimental programs of the State. The Subcommittee felt that if the school districts are going to participate they should pay a share. The Subcommittee recommended the Governor's figure of \$1300.0, with the following change in funding: \$409.5 G.F. Match and Other Funds \$40.5.

Representative Buchholdt advised the EDUCATION category was now closed with the exception of 4 components.

Representative Buchholdt requested the following intent be included under the Commissioner's Office: "The State museum shall be separated from the State library. There being no objection, it was so ordered.

Vice-Chairman Freeman stated the next item to be brought up for discussion was Senate Bill 144 ("An Act relating to the adoption of regulations increasing the cost of doing business with the state.")

Vice-Chairman Freeman advised that the House Finance Committee Substitute already reported out of Committee has been returned by Legislative Counsel because it has a technical problem. Vice-Chairman Freeman moved and asked unanimous consent that in the House CS for SB 144, on line 17 after "legislature" a period be inserted, and the remaining lines be deleted. There being no objection it was so ordered. The corrected committee substitute was reported out of Committee.

The meeting recessed at 2:55 p.m. Vice-Chairman Freeman recalled the meeting to order at 3:05 p.m.

The next budget category to be discussed was GENERAL GOVERNMENT.

OFFICE OF THE GOVERNOR:

Executive Operations:

Executive Office: The Subcommittee recommended a reduction in travel, allowing a 6% inflation increase and \$4,800 for Washington D.C. office travel, and \$4,000 for Kotzebue travel

for a new figure in travel of \$100.8. The Subcommittee recommended all other figures be the same as the Governor's, for a total of \$1909.7.

Capital Site Planning Commission: The Subcommittee left this component blank, assuming any funding would be done through the Legislature.

Special Projects Coordinator: The Subcommittee recommended a reduction in Travel, allowing for 6% inflation, for a new figure of \$15.9; they also recommended a reduction in Contractual as the back-up information provided was not very good, for a figure of \$70.0. All other figures were the same as the Governor's, for a total of \$181.2.

Contingency Fund: The Subcommittee recommended reducing this figure to the FY 78 level, for a total of \$250.0.

Policy Development & Planning: The Subcommittee recommended the Personal Services figure be dropped to \$612.5, as they didn't think the two new positions could be filled right away and took off one month's funding for the positions. The Subcommittee also recommended Contractual be reduced to \$152.3. They deleted \$20.0 for the paperwork reduction study; and \$25.0 for the science and technology input because they just passed a bill on this which the Subcommittee thought was the same thing. The Subcommittee recommended all other figures be the same as the Governor's, for a new total of \$818.6. Funding sources were to be the same, except Other funds was reduced to \$481.1.

Growth Policy Council: The Subcommittee recommended the Governor's figure of \$336.0.

Budget and Management: The Subcommittee recommended the figure of \$641.4 for Personal Services, \$72.1 for Commodities, and all other figures the same as the Governor's, for a total of \$738.6. Representative Duncan advised this was an Agency requested addition.

The Subcommittee recommended the Governor's figure for the following components:

Executive Mansion: Total figure \$121.0
Telecommunications: Total figure \$584.7
Lt. Governor: Total figure \$482.8

Elections: The Subcommittee recommended that travel be reduced to \$40.0. Representative Duncan advised the Agency has stated they could manage with that figure. The Subcommittee also recommended the figure of \$812.1 for Contractual, as the Fairbanks Office was budgeted twice. All other figures are the same as the Governor's, for a new total of \$1469.3.

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Volunteer Services

Volunteer Services: The Subcommittee recommended the Governor's figure of \$77.2.

Executive Operations:

Public Offices Commission: The Subcommittee recommended the Governor's figure of \$318.3.

DEPARTMENT OF ADMINISTRATION:

Executive Administration:

Office of the Commissioner: The Subcommittee recommended the Governor's figure of \$928.1.

Internal Audit: The Subcommittee recommended Personal Service be reduced to \$457.8, under the assumption that the position could not be filled right away, so one month's funding was deleted. The Subcommittee recommended all other figures be the same as the Governor's, with a total figure of \$482.7.

Administrative Services: The Subcommittee recommended the Governor's figure of \$400.6.

Equal Employment Opportunity: The Subcommittee recommended the figure of \$160.0 for Personal Services. Representative Duncan advised they added the two Clerk Typists the Agency requested, and deleted \$1.9 as they believed there would be a one month lag in filling the positions. The Subcommittee recommended Contractual be increased to \$39.8, adding \$8.1 for Anchorage rent. All other figures were to be the same as the Governor's, for a total figure of \$224.7.

The Subcommittee recommended the following legislative intent be adopted: "The Legislature recognizes the urgent need for state government compliance with equal employment opportunity and affirmative action policies. It is the intent of the Legislature that the State Equal Employment Opportunity Office shall:

LEGISLATIVE
INTENT

continue to generate the 'State Hiring Statistics' report which reflects state employment data by race and sex; generate data on the availability of minority and female workers in different occupational classifications; increase state EEO Office efforts in affirmative recruitment; train its staff in the technical understanding of equal employment laws and regulations; require all state agencies to prepare affirmative action plans; train state government personnel who are responsible for managing EEO and affirmative action policies for state government agencies in equal employment laws and regulations.

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Incorporating the above, the State EEO Office shall prepare detailed program measures and objectives, training plans and methods for program managers, and shall present this information in written report form to the First Session of the Eleventh Legislature on or before February 1, 1979."

There was discussion on the intent. Representative Gruening requested that the wording "particularly in grade ranges 22 and up" be added after "female workers in different occupational classifications". There being no objection, it was so ordered.

LEGISLATIVE
INTENT

Personnel: The Subcommittee recommended personal services be reduced to \$1868.6; Travel be reduced to \$53.7 (there was no substantiation for additional increase, so they only allowed 6%); and Contractual be reduced to \$271.7 (the Director of Labor relations position was not filled, and costs were not backed-out). The Subcommittee recommended that the other figures be the same as the Governor's, for a total of \$2214.0. Representative Duncan advised they had just received a Budget Amendment for this component, and this component was held OPEN until it could be considered.

Accounting:

Accounting Services: The Subcommittee recommended the Governor's figure of \$257.1.

Payroll Accounting: The Subcommittee recommended the Governor's figure of \$457.0.

Administration & Support: The Subcommittee recommended a reduction in Personal Services to \$260.1 (less one month's funding for the new position), all other figures the same as the Governor's, for a new total of \$289.8.

General Services:

Purchasing: The Subcommittee recommended the Governor's figure of \$786.0.

Property Management: The Subcommittee recommended a reduction in travel to \$5.5 (allowing only a 6% inflation increase), with all other figures the same as the Governor's, for a total figure of \$191.0.

Risk Management: The Subcommittee recommended deleting the new position accepted by the Governor and its associated costs, for the following figures: Personal Services \$131.6; Travel 12.3; Contractual \$28.5; Commodities \$1.2; Equipment zero; total \$173.6.

Central Mail & Switchboard: The Subcommittee recommended the Governor's figure of \$371.0.

3/15/78