

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2681

Representative Meekins stated the Committee originally felt the supplemental (CSHB 642) could get them through June, but that it is currently held up in the Senate. He commented on the Committee's disagreement with AHFC's decision to make policy changes to limit the volume of loans when the money ran out and then change back after they received the money. He stated they should have decreased the eligibility limit instead of raising the income limit. He stated they are supposed to help those people with low income first, to comply with legislative intent. There was discussion on the definition for rural cities, with Mr. Hall advising it includes any under population of 4,500. He indicated Anchorage is the area that suffers due to the lower income limitations.

In answer to a question, Mr. Sullivan stated the deadline for the \$1.7 million request was March 8. He commented as the deadline is past, this will create an additional withdrawal from their net worth. Representative Gruening mentioned he had no objection to the entire appropriation and considers the AHFC proposal intriguing. Mr. Sullivan stated the bond sale closed March 10, and that the question is one of timing, as they are looking forward to their next bond sale, which would occur in May or early June. He stated if the Committee desired, the \$2.88 million could be considered as a single sum. With regard to the bond proposal, he indicated they need responses from the Regional Housing Authorities and the Commissioner of Revenue.

Representative Rhode asked how much General Fund money would be needed to set up and operate the program as outlined for one year. In reply, Mr. Sullivan stated he felt \$100,000, as a guestimate, in the area of training only. There was discussion on the current rural lending program and with regard to servicing those areas without denying other eligible areas. There was further discussion, with Mr. Barr on bond issues with regard to direct lending. Mr. Barr commented, when the Legislature makes a grant, it is not expected to be paid back, but a loan is to be paid back. Mr. Barr also stressed the importance of placing the day-to-day operations of a rural lending program in the hands of those people who want the loans; i.e., local responsible people.

There was further general discussion on the bill, with Chairman Cowper indicating HB 861 would be deferred until next week, so that consideration could be given the AHFC proposal.

HB 861  
HELD OVER

Chairman Cowper brought up HB 901 for consideration:

HB 901

"An Act making a supplemental appropriation to the Department of Health and Social Services, community developmental disabilities, family support; and providing for an effective date."

Mr. Swain made a brief presentation on the reasons funds are requested to supplement ARCA's revenues for the balance of FY 78. He indicated governmental demands and unforeseen problems directly related to the operation of the new ARCA multi-purpose facility. He cited compliance with municipal ordinances in addition to back wages for clients to assure ARCA's compliance with the Fair Labor Standards Act. He commented the program serves mostly rural handicapped people. He further stated 90% of the budget goes for personnel, which leaves 10% to operate on. He advised, currently, ARCA is laying off people because of the short fall. He commented the corporation has had to sign a bank note for \$40,000.

Brief discussion followed. Representative Haugen moved and asked unanimous consent that HB 901 be reported out. Chairman Cowper indicated the Department of Health and Social Services had not had a chance to review the bill; therefore, it was his intent the bill be held until that time. Representative Haugen withdrew his motion. Chairman Cowper stated HB 901 would be deferred until next week.

HB 901  
HELD OVER

Chairman Cowper advised the next meeting is at 8:30 a.m. tomorrow morning, the purpose being an oversight public employees' protection bill passed last year.

The meeting adjourned at 5:40 p.m.

ADJOURN

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HFC 78-61 #1370 - End  
78-62 #0001 - #1308

HOUSE FINANCE COMMITTEE

March 30, 1978

8:40 a.m.

All members of the Committee were present except Representatives Meekins and Haugen. Representatives Gruening, Buchholdt, and Freeman arrived later in the meeting. In attendance to present testimony were: Laura McCarley; B. B. Allen, Commissioner, Department of Administration; Dick Smith, State Internal Auditor, Department of Administration; and Tom Custer, Attorney, Attorney General's Office.

PRESENT

Chairman Cowper called the meeting to order and stated the purpose of the meeting was to provide an oversight hearing on Chapter 151, SLA 1977. He stated that act was passed to protect public employees who see something wrong within their department, report that wrong-doing to the legislature or press, and are then subject to disciplinary action. He stated he would like to make it clear that the Committee has no jurisdiction over administrative decisions. He stated they want to find out if there were actions taken that would violate the statutes and, if so, to see if changes need to be made to the law. Chairman Cowper stated the background is that Laura McCarley was relieved of her duties as an internal auditor, allegedly because she gave information to the Legislature or press. Chairman Cowper requested that Ms. McCarley appear before the Committee to answer their questions.

OVERSIGHT  
HEARING  
CH. 151  
SLA 1977

Chairman Cowper asked Ms. McCarley what her employment background was. Ms. McCarley responded she worked for White Pass and Yukon Route in Skagway for three years, the Coast Guard for three years; 18 months with the Territory of Alaska, various employment while going to college; and for the past 15 years she has been in private practice with her own bookkeeping service.

LAURA  
MCARLEY  
TESTIMONY

Chairman Cowper asked if she was hired by the State in 1977. Ms. McCarley advised she was hired November 1, 1977 as an Internal Auditor III. Chairman Cowper asked if she was a probationary employee and Ms. McCarley commented "so the State says".

Chairman Cowper asked if she was dismissed on March 3rd of this year and Ms. McCarley stated she was. Chairman Cowper asked if she was told personally why she was dismissed, other than through the letter sent her by Mr. Smith. Ms. McCarley stated she was. Chairman Cowper asked what she was told the reason for dismissal was. Ms. McCarley stated she was told she was fired for giving information to the press and being friends with certain legislators.

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Chairman Cowper asked her to elaborate, and Ms. McCarley stated that specifically her friendship with Senator Bradley was mentioned.

Chairman Cowper asked if Commissioner Allen or Mr. Smith or any other person in the Department of Administration told her she was being dismissed because of her friendship with Senator Bradley or other members of the Legislature. Ms. McCarley stated she was put on notice in January by Mr. Smith that she should not talk to legislators. Chairman Cowper asked if he was talking about particular items, or just that she should not talk to legislators at all. Ms. McCarley stated she was left with the impression that she couldn't talk with legislators. Ms. McCarley stated that at that time she had not talked to legislators about anything to do with her work.

Chairman Cowper read from her dismissal letter and again stated it was not the intent of the Committee to have a trial on each of these counts, but he was interested in the charge in the letter stating "threats or actual practice of release of assumed information to news media", and asked what this meant. Ms. McCarley stated Commissioner Allen explained this to mean "your damn information to the press".

Chairman Cowper asked if there was a state rule that doesn't allow audits to be discussed with the press until the audit was released. Ms. McCarley stated not to her knowledge, but she would presume so. She stated this had nothing to do with an audit. Chairman Cowper asked if she had been told of any specific release of information. Ms. McCarley stated she was accused of making a release to John Stringer on the Alaska Psychiatric Institute. Chairman Cowper asked who told her that was one of the reasons. Ms. McCarley stated Mr. Smith did. Chairman Cowper asked if she released the information, and Ms. McCarley stated to her knowledge she did not. Ms. McCarley stated after she was fired she presented information to the press, but not before.

Chairman Cowper asked Mr. Allen to appear before the Committee to answer their questions.

COMMISSIONER  
ALLEN  
TESTIMONY

Chairman Cowper asked without going into detail in the matter of the firing, what was Mr. Smith talking about when he stated "threats or actual practice of release of assumed information to the news media". Commissioner Allen stated he thinks that question should be addressed to Mr. Smith. He stated he is concerned that they are in violation of Ms. McCarley's collective bargaining unit, and he wouldn't want to say anything that would be detrimental to that. Chairman Cowper stated his understanding was that the Union had no objection to this hearing. Commissioner Allen stated he asked for a release from the Union, but didn't receive it.

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Chairman Cowper asked if the Department was willing to say that part of the reason for Ms. McCarley's firing was because she went to the press. Commissioner Allen stated he could say this did not have anything to do with the firing. He stated he has not seen any evidence that would give him reason to believe that McCarley released any information to the press. Chairman Cowper asked what the letter meant then, and Commissioner Allen stated that apparently in talking to Mr. Smith, threats were made by the employee to release information to the press. He stated that whether she did release information or not, he didn't know.

Chairman Cowper asked if there was a rule relating to the release of audit information before the audit is completed. Commissioner Allen stated he is not sure if there is one in writing. He stated it is generally a matter of professional ethics. There was discussion on the policy of releasing audit information.

Chairman Cowper asked if there was an accusation that Ms. McCarley was going to the press with that type of information, or was it some other type. Commissioner Allen stated the threats that Ms. McCarley apparently made were involved in her audit activity. Chairman Cowper asked if Commissioner Allen thought the law should be changed to set out specific guidelines and information relating to audits. Commissioner Allen stated he had asked Mr. Tom Custer, Attorney General's Office to speak on the statute.

Chairman Cowper asked if the Department had written guidelines about the release of reports. Commissioner Allen stated he was not sure they did. Mr. Smith advised they released rules that cover this area of information two or three months ago stating the audits could be released after the agency had an opportunity to review the report.

Mr. Custer stated his basic recommendations don't necessarily deal with this particular law. He stated the problem is identifying what type of information is released, defining what is public information and what is confidential information. He stated the problem is not with the "whistle-blowing law" but with finding out what is applicable.

TOM CUSTER  
TESTIMONY

Chairman Cowper stated this law was passed under the assumption that the freedom of information bill would also be passed. He stated he doesn't think that bill will be passed. He asked if the Department planned to draft any suggested legislation. Mr. Custer stated he hadn't given any thought to suggested language. Chairman Cowper stated they might be able to put together some kind of fairly uncomplicated statute language that would delineate the information a little better. He asked if

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the Attorney General's office would be willing to work with the attorney's in Legislative Affairs to come up with some language in the event the freedom of information law does not pass. Mr. Custer stated they would be.

(Representative Freeman arrived at this time.)

Mr. Custer stated in terms of this particular section, their only criticism is that it makes a criminal penalty for violation of statute. He stated he would suggest that the criminal penalty be dropped in CSHB 131 and that a civil penalty be imposed instead.

Mr. Richard Smith, State Internal Auditor, appeared before the Committee. Chairman Cowper asked what his statement "threats or actual practice of release of assumed information to the news media" meant. Mr. Smith stated Ms. McCarley had called members of his staff saying things were going to be released to the press. Chairman Cowper asked what type of things. Mr. Smith stated one had to do with an examination of information on API.

RICHARD  
SMITH  
TESTIMONY

Chairman Cowper asked if the employee would have seen the letter regarding the written guidelines concerning release of information. Mr. Smith stated the information was circulated. There was brief discussion.

Chairman Cowper asked if Mr. Smith had any recommendations to the Committee on whether there should be any changes in the existing statute to make it work better. Mr. Smith stated he would say it should be revised if it currently says that working data should be released. There was brief discussion. Mr. Smith stated that if the statute refers to working papers it should be revised.

Chairman Cowper stated that according to Ms. McCarley, one of the reasons she was terminated was because of her meetings with legislators. Chairman Cowper asked if this was part of the reason for her termination. Mr. Smith said no, not at all.

Chairman Cowper asked if he told her part of the reason for her termination was because she talked to legislators. Mr. Smith stated maybe there could be an implication here. He stated she was told her loyalty was not to the Department, but more towards the press and legislators.

Chairman Cowper asked if he told Ms. McCarley that one of the reasons for her termination was that she was talking to legislators. Mr. Smith said no.

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Mr. Smith stated there have been a number of accusations they have not addressed. He stated he would like to know what the insinuations and accusations are, and he would like an opportunity to discuss them at this time. Chairman Cowper stated the purpose of this hearing was not to go into any sort of administrative decisions. He stated the Legislature has no jurisdiction to inquire into these decisions. However, he stated the Legislature does have an oversight responsibility relating to the effectiveness of legislation. He stated if people are being fired for going to the media or the legislature, then this Act has to be strengthened.

Mr. Custer stated that regarding the Committees' concern that Ms. McCarley was not aware of the guidelines, there is a document which sets out practices to be followed by internal audit staff. Chairman Cowper asked what the date of the document was. Mr. Custer stated he didn't know, but the copy he has has Ms. McCarley's signature on it, and was dated November 1, 1977.

Chairman Cowper stated it is clear they are going to have to make adjustments to clarify the language of the Act.

Representative Swanson.. stated he has seen several memos from Administration denying employees the right to appear before committees to testify. He stated he thinks this would be a pertinent item to pick up on. Chairman Cowper asked Representative Swanson to provide him with copies of these memos. Chairman Cowper stated there is a very fine line here. He stated he thinks it should be clear when state employees testify on their own, and when they are testifying on administration policies. He stated he is not so much concerned with policy, as improper practices.

Mr. Hogan advised he contacted Legislative Audit concerning this Hearing. He stated one of the aspects of this case is there were certain charges regarding bidding procedures. He stated he understands the Budget and Audit Committee plans to release a preliminary audit regarding that bidding. He advised that audit will not be available for 30 days to the public. However, Legislative Audit did say that after the audit was released by the Budget and Audit Committee, under the new guidelines, they could address this Committee on a confidential, executive basis and explain the findings of that release.

There was brief discussion concerning the Act. Chairman Cowper stated they should confer with members of the Executive branch prior to making changes in the law.

(Representatives Buchholdt, and Gruening arrived.)

Chairman Cowper stated the next item to be discussed was HB 627.

HB 627  
(BUDGET  
BILL)

An Act appropriating for the operating and capital expenses of the state government; and providing for and effective date.

Chairman Cowper advised he received word from the Majority leader to let the bill go.

Representative Freeman moved and asked unanimous consent that Committee Substitute for HB 627 be reported out of Committee. There being no objection, it was so ordered. The bill was reported out with a "do pass" recommendation.

CSHB 627  
REPORTED  
OUT

The meeting adjourned at 9:45 a.m.

ADJOURN

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Tape HFC 78-62 #1307 to end  
Tape HFC 78-63 # 001 to 798

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HOUSE FINANCE COMMITTEE  
March 30, 1978  
1:30 p.m.

All members of the Committee were in attendance except Representatives Cowper and Meekins. Representatives Buchholdt, Swanson, Guy and Gruening arrived later in the meeting. Also in attendance to present testimony on bills: Representatives Malone and Rudd; Vern Metcalf, Department of Transportation and Public Facilities; Trygve Herman, Department of Public Safety; Dr. Schaefer and Mr. Brandon, Division of Mental Health.

PRESENT

Vice-Chairman Freeman called the meeting to order and stated that although they did not have a quorum, the Committee would begin to hear testimony on bills. The first bill to be considered was House Bill 395.

HB 395

An Act relating to capital expenditures under the Community Mental Health Services Act.

Representative Hugh Malone stated that last year they had a request from the City of Seward for funds they needed for capital improvements for their local program, and after investigation they found out the law prohibits that from happening.

(Representative Buchholdt arrived at this time.)

Representative Malone stated the reason he introduced this bill is to expand the mental health program to cover capital improvements in addition to what it handles now (operating). He stated he thinks it makes sense to provide for both portions of the budget if we are going to have any type of program at all.

Prior to leaving for another Committee meeting, Representative Malone stated he would like to present testimony on HB 692.

HB 692

An Act requiring the election pamphlet to contain fiscal information for ballot propositions.

Representative Malone stated this would provide additional information in the voter pamphlet for ballot propositions that are being considered. He stated he introduced HB 692 based on the increased use of initiatives on the part of the electorate. He stated the bill requires that the Division of Budget and Management prepare a fiscal note on propositions that would appear in the voter pamphlet. He advised that a number of other states do this. Representative Malone stated the basic idea is to make the pamphlet a more useful document for voters to determine the validity of propositions.

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Representative Malone stated the reason for having Budget and Management prepare the fiscal notes has to do with initiatives. He stated a lot of initiatives spring from things the Legislature does not want to deal with, and so he felt it should be removed from the Legislature.

(Representatives Swanson and Guy arrived. A Quorum was present.)

Representative Malone stated he had to leave at this time, and he would not object to having these bills held over if the Committee wished to receive additional testimony. (Representative Malone left.)

Vice-Chairman Freeman asked if anyone else wished to testify on House Bill 395. Dr. Schaefer, Director, Division of Mental Health, stated the Division is for the concept of the bill. There was discussion on the bill.

HB 395

Representative Buchhold asked if they go directly through revenue sharing or through the Capital budget. Dr. Schaefer stated this bill would be the mechanism to enable funding. He stated if the facilities had beds they would have to go through the bed certification process. He stated he thinks it would go through the capital budget on a line-item basis.

Representative Haugen asked if anyone had looked into the occupancy rate of hospitals. Dr. Schaefer stated when they have looked at occupancy around the State it is very low. He stated he thinks in some hospitals a capital issue would allow them to remodel a ward. Representative Haugen commented that it would seem that, rather than give some communities a mental health center in addition to the hospital which has a low occupancy rate, that the hospital space could be used. Dr. Schaefer stated he thinks it would be beneficial to have a tie-in with local hospitals.

Representative Swanson stated the bill indicates that there have been cases where mental health centers have been built and then used for something else. Mr. Brandon, Division of Mental Health, stated the situation they have run into is a community has a mental health center that has been in operation, and then the community decides to convert those facilities into office space or something else and move the center to a less desirable location. He stated the reason that provision is in the bill is so that you don't have a facility built in which the city has a 25% interest, and based on that interest the city cannot move the facility. There was discussion on public facilities.

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(Representative Gruening arrived at this time.)

Vice-Chairman Freeman stated that since there were so many questions on the bill, and the sponsor stated he didn't object to the bill being held over until additional testimony could be received, that if there were no objections from the Committee, the bill would be held over for additional information. There being no objection, it was so ordered.

HP 395  
HELD-OVER

Vice-Chairman Freeman asked if there were any questions on HB 692. Representative Duncan stated he has several problems with the bill. He stated that in the past on ballot propositions, it has been up to the Attorney General's Office to write explanations, and sometimes they haven't been as impartial as they should be; and he is afraid that fiscal notes from the Division of Budget and Management will not be as impartial as they should be. He stated he also questions whether or not Budget and Management would be able to prepare a fiscal note for some of the issues that come up.

HB 692

Vice-Chairman Freeman stated that since there are questions on this bill, and the sponsor is not present to answer them, he would suggest holding the bill for further information. There being no objection, it was so ordered.

HB 692  
HELD-OVER

Vice-Chairman Freeman advised the next bill to be considered was CSSB 401.

CSSB 401

An Act making supplemental appropriations to the Department of Public Safety and the Department of Community and Regional Affairs; and providing for an effective date.

Mr. Trygve Herman, Department of Public Safety, stated this is a supplemental appropriation designed to meet two specific needs. He advised there has been a significant increase in prisoner transportation costs. He stated that at the beginning of the year the Department stated that when troopers are traveling with prisoners, all costs should come out of this account. He stated they underestimated the impact of this.

Mr. Herman stated that on March 1st the Department requested this amount be increased from \$15,000 to \$40,000. He advised there is a letter from Ron Lind to Senator Sackett requesting this change. He stated that apparently the Senate did not include the additional amount in the bill.

Mr. Herman stated the other part of the supplemental request is \$22,400 for Cordova jail-redesign. He stated they have a contract with the Cordova jail to keep prisoners for 30 days at that center. He advised that in order to do that, they had to make changes in the prison.

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There was discussion on the request. Representative Swanson stated he believed it would take more than \$22,400 to redo the Cordova jail. Mr. Herman stated this \$22,400 had to do with the design done for the jail. He stated funds to complete this are in the operations contract.

Representative Buchholdt moved to amend the bill, to add a new section 4 stating "The sum of \$5,000 is appropriated from the general fund to the Department of Community and Regional Affairs for a cannery cross-cultural forum in Kodiak." She stated the reason for this is there are problems with the cannery in Kodiak. She stated that with all the minorities working in the Cannery, she thinks it is time they have a forum to discuss some of the concerns they have. There was brief discussion. The question was called for. Representatives Freeman, Rhode, Swanson, and Duncan opposed. The motion carried.

Representative Duncan moved that House CS for SB 401 be reported out. There being no objection, it was so ordered. House CSSB 401 was reported out of Committee with a "do pass" recommendation.

HOUSE CS  
SB 401  
REPORTED  
OUT

Vice-Chairman Freeman stated the next bill to be considered by the Committee was HB 622.

HB 622

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

Representative Rudd presented a proposed finance committee substitute. She stated this is to take care of this year's construction season. She stated there is also a letter from the Federal Aviation Administration giving a pretty firm commitment of the money being reimbursed to the State if the Federal government wins the law suit.

Representative Rudd stated the people from DOT seem confident the fed's have a good case. She stated the Department is missing out on some of the construction season already because until they have the money they cannot go to bid.

Vice-Chairman Freeman asked if the \$5 million would take funds from other airports. Representative Rudd stated the testimony she heard indicated there is about \$17 million in the fund.

There was discussion on using the Elmendorf airport as an alternate airport.

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Mr. Vern Metcalf, Department of Transportation and Public Facilities, stated the Department is for the bill. He stated they have a letter from Lyle Brown which indicates they have \$6 million plus to be expended. He stated that in talking to Commissioner Harris, he feels that would cover the preliminary work they need to do.

There was further discussion on the bill. Representative Rhode stated he thinks they would be better off if they waited until the suit was settled.

Representative Haugen asked if they rule in favor of Overby would the state get implicated in some kind of litigation. He stated it seems there should be some consideration by the city of Anchorage that would hold the State harmless. Representative Gruening stated the worst thing that could happen on the federal level would be the determination that the fed's cannot expend money on the airport.

Representative Gruening moved to report out finance committee substitute for HB 622. Representatives Rhode, Swanson and Schaeffer objected. Representative Schaeffer asked what happened to the funding for the two other airports that was included in the State Affairs Committee Substitute. He stated he would like to have those two items included in the Finance Committee Substitute. Representative Rudd stated she drafted the Committee Substitute at the request of Chairman Cowper and he told her not to include the financing for the other two airports.

Representative Buchholdt stated that if the bill went over to the Senate with the additional airports, she is afraid they would have another "Cold Bay Dock facility" type bill. She stated they would have a better chance to get the bill passed if they did not include the additional items.

Representative Schaeffer moved to include sections 3 and 4 of the State Affairs committee substitute (\$1,600,000 for the Little Diomed Island airport and \$1,200,000 for the Aleknagik airport) in the finance committee substitute. The question was called for. Representative Buchholdt opposed. The motion carried.

HB 622  
AMENDED

Representative Schaeffer moved and asked unanimous consent that \$3,000 be included to provide runway reflectors for the village of Kobuk. Mr. Metcalf stated the Department is currently making a survey relating to runways and that

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report will be available in a few weeks. There was brief discussion. Representative Scaheffer stated that in view of this information he would withdraw his motion.

Representative Schaeffer moved and asked unanimous consent that the Finance Committee Substitute for HB 622 be reported out as amended. There being no objection, it was so ordered. CSHB 622 was reported out with a "do pass" recommendation.

FINANCE  
CS FOR  
HB 622  
REPORTED  
OUT  
CSSB 440

Vice-Chairman Freeman stated the next bill to be considered was CSSB 440.

An Act making a special appropriation to the University of Alaska, Arctic Environmental Information and Data Center, for disbursement to the Alaska Eskimo Whaling Commission to assist voluntary efforts to ensure whale stock viability; and providing for an effective date.

Representative Schaeffer stated the HB 687 by Buchholdt is a companion bill to this bill. Representatnive Buchholdt stated the only difference between the two bills are: (1) her pass-through agency was the Institute of Marine Science; and (2) her reporting date to the Legislature is May 1, 1979. Representative Buchholdt recommended the date be changed to May 1, 1979 as this way they will have two whaling seasons to report on rather than one if the February date were kept.

Representative Buchholdt moved and asked unanimous consent that a House CS for CSSB 440 be prepared changing the date on line 21 from "February 1, 1979" to "May 1, 1979" and that the bill be reported out of Committee. There was brief discussion. There being no objection, it was so ordered.

HOUSE CS  
CSSB 440  
REPORTED  
OUT

The meeting adjourned at 3:17 p.m.

ADJOURN

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Tape HFC 78-63 #775 to end  
HFC 78-64 #001 to 981

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HOUSE FINANCE COMMITTEE

March 31, 1978

11:00 a.m.

All members of the Committee were in attendance except Representative Meekins. Representative Buchholdt arrived later in the meeting.

PRESENT

Chairman Cowper called the meeting to order and brought HB 622 up for the Committee's reconsideration.

HB 622

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

Chairman Cowper stated the Committee took action yesterday to include sections 4 and 5 which provide funds for the Little Diomed Island and Aleknagik airports. He stated that in absence of appropriate back-up information for an appropriation of that size, and taking note of the fact that the Committee is addressing one particular problem in this bill where the most relevant consideration is one of time, he would like to suggest the Committee rescind their earlier action in including these two projects. He stated these projects will be addressed when the capital budget is taken up.

Representative Guy stated that with the understanding that these projects would be addressed when the capital budget is discussed, he would move to rescind the action taken earlier wherein funds were appropriated to airport projects at Little Diomed Island and Aleknagik. Representative Schaeffer objected. There being no further objection, the motion carried.

Representative Freeman moved and asked unanimous consent that the finance committee substitute for HB 622 be reported out. Representative Schaeffer objected. There being no further objection, the motion carried. CSHB 622 was reported out with a "do pass" recommendation.

CSHB 622  
REPORTED  
OUT

Chairman Cowper stated the budget bill, HB 627 (An Act appropriating for the operating and capital expenses of the state government; and providing for an effective date) was re-referred to the Committee as an effective date clause was not included in the bill the Committee passed out.

HB 627

Chairman Cowper moved to include a new section stating: "This Act takes effect immediately in accordance with AS 01.10.070(c)." There being no objection, it was so ordered.

Representative Duncan requested that additional intent be included in the General Government category. He stated that he has discussed the legislative intent he had previously requested concerning Southeast Maintenance with the Department, and they have indicated they will not comply with the intent. He moved to include additional legislative intent stating: "This appropriation and its expenditure is contingent upon all authorized permanent full time positions being filled." There was brief discussion. In addition, Representative Duncan moved to line item personal services for that one component, so no funds could be transferred. He stated there is no increase in funds. There being no objection, the motion was passed.

(Representative Buchholdt arrived at this time.)

Chairman Cowper stated they received testimony on three areas: the Pioneers' Home, API and Harborview. He moved to line item the appropriations for these three components. He stated this would require that if any changes are sought between personal services and contractual, the agency would have to come to the Legislative Budget and Audit Committee for approval. Representative Schaeffer asked if this would affect existing contracts and Chairman Cowper stated it would not. There being no objection, it was so ordered.

Chairman Cowper moved and asked unanimous consent that CSHB 622 (Finance) be reported out. There being no objection, it was so ordered. CSHB 622 (Finance) was reported out of Committee with a "do pass" recommendation.

CSHB 622  
(finance)  
Reported  
Out

There was brief discussion on what was to be scheduled at future committee meetings.

The meeting adjourned at 11:25 a.m.

ADJOURN

HOUSE FINANCE COMMITTEE

April 3, 1978

1:30 p.m.

All members of the Committee were in attendance. Representatives Cowper, Swanson, Meekins, Gruening and Guy arrived later in the meeting. Also in attendance to testify on bills were:

PRESENT

Nat Cole, Deputy Commissioner, Department of Education; Ed Huizer, Deputy Commissioner, Department of Fish and Game; Chuck Taylor, Division of Budget and Management; Myrt Charney, Legislative Affairs Agency; Bob Gregovich, Program Administrator, Department of Health and Social Services; Barbara Holtien, Executive Director, Fairbanks Rehabilitation Assn.

Vice-Chairman Freeman called the meeting to order and stated the first bill to be considered was House Bill 608.

HB 608

An Act making supplemental appropriations to the Department of Education, pupil transportation and student loan computer; and providing for an effective date.

Mr. Nat Cole, Deputy Commissioner, Department of Education, stated this is a fairly standard supplemental they request each year. He stated it is their estimate of the amount they will need to pay costs throughout the state for pupil transportation.

Vice-Chairman commented they didn't have much choice, but to pay the supplemental. Mr. Cole concurred, stating the Committee has looked into this, and he thinks they have resolved the situation for future years. Representative Buchholdt concurred, stating they have language in the Education budget which they hope will resolve this situation.

Representative Buchholdt moved and asked unanimous consent that HB 608 be reported out. There being no objection, it was so ordered. The bill was reported out of committee with a "do pass" recommendation.

HB 608  
REPORTED  
OUT

Vice-Chairman Freeman stated the next bill to be considered was CSSB 399.

CSSB 399

An Act making a supplemental appropriation to the Department of Fish and Game, d-2 expneses and salmon transportation; and providing for an effective date.

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Mr. Ed Huizer, Deputy Commissioner, Department of Fish and Game, stated the difference between the committee substitute and the original bill is in section 1. He stated they had originally asked for \$11,000 and the section now contains a total of \$41,800 to fund expenses related to d-2. He stated the changes came about through discussions in the Senate Finance Committee and between Senator Butrovich and Commissioner Skoog.

(Representatives Cowper and Swanson arrived at this time.)

Vice-Chairman Freeman asked if these were funds already expended. Mr. Huizer stated they were. He stated this is money that has been spent by the Department with regards to testimony and staff assistance concerning d-2 legislation. Vice-Chairman Freeman asked where they proposed to get the money if the Legislature did not fund the supplemental. Mr. Taylor stated the funds are being expended under the Division of Game, and if the Legislature did not allow the funds, they would come out of the Division's budget. There was brief discussion on expenditures.

Representative Rhode referred to section 2, and asked if the transfer of salmon on the Russian River occurred every year. Mr. Huizer stated this happens periodically, but when it happens it is a very serious condition. He stated it happened in 1972; and it happened twice in 76-77. He advised that when the water is high the salmon cannot make it over the fall. There was discussion on the transfer of salmon.

(Representative Meekins arrived at this time.)

Representative Haugen asked if this is the area where the Department plans to build a by-pass but is having a problem with another Division. Mr. Huizer stated this was correct, they are having a problem with the Bureau of Sport Fish and Wildlife. There was discussion.

(Representative Gruening arrived at this time.)

Representative Haugen suggested the Legislature should take action in this area. He stated it is an inter-agency struggle. Chairman Cowper requested additional information concerning this problem from Mr. Huizer; specifically what the problem areas are and who the federal officials are who are making decisions adverse to Alaska's interest. Mr. Huizer stated he would provide this information. Chairman Cowper stated his intention would be to write to the federal delegation with this information. Representative Haugen suggested the Committee draft a strongly worded resolution when they have this information.

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(Representative Gruening arrived at this time.)

Chairman Cowper stated he would like to propose a House finance committee substitute for HB 399 which would combine this bill with HB 885 (An Act making supplemental appropriations to the Department of Fish and Game; and providing for an effective date). He asked Mr. Huizer to present testimony on HB 885.

Mr. Huizer advised that section 1 includes \$30,000 which is to go to the consultant working with Mr. Specking on the reorganization of the Department. That consultant is Lane and Associates. He advised that in addition to that, section 1 includes \$7,500 for travel expenses for the Commissioner. He advised the Commissioner is doing a large amount of travel, to Washington D.C. for d-2 hearings, and into the bush areas.

Representative Swanson asked if the Department had any authority for this type of study and special appropriation. Chairman Cowper stated there is money in the budget for Mr. Specking's study. As far as this specific project is concerned, he stated it was a departmental decision. Representative Swanson stated it is in violation of the constitution for the Department to expend money without direction from the Legislature, and he cannot support this section of the bill.

Mr. Huizer stated he believes the reorganization has been the subject of considerable scrutiny and concern. He stated he thinks it is a logical out-break of Mr. Specking's hiring.

Chairman Cowper questioned the necessity of the Lane contract, and asked if Mr. Lane knows enough about the Department of Fish and Game to make recommendations. Mr. Huizer stated he is not a specialist in Fish and Game, but he is a specialist in management.

Chairman Cowper stated he would like to add one additional thing to the Finance committee substitute for CSSB 399. He stated that \$20,000 is needed to continue a project concerning arctic char predation control in the Bristol Bay region.

Mr. Huizer advised this is a project involving the relationship between red salmon and dolly varden in the Bristol Bay area. He stated a large number of dolly varden congregate in areas where salmon are vulnerable. He stated the dolly varden are seined and impounded during the peak migration of the salmon smolt. There was discussion on the program. Mr. Huizer advised that HB 690 appropriated \$20,000 for this project.

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Representative Freeman moved and asked unanimous consent that a house finance committee substitute for CSSB 399 be reported out, adding the language in HB 885 plus \$20,000 for arctic char predation control in the Bristol Bay region. Representative Gruening objected, and stated his objection has to do with the Leonard Lane contract. He stated he would have to have additional information on the reorganization before he could support it.

Representative Gruening moved to amend Representative Freeman's motion to delete the \$30,000 appropriated for the Leonard Lane reorganization study. Mr. Huizer requested the bill be held until Commissioner Skoog had an opportunity to discuss the reorganization in more detail. Chairman Cowper stated the Committee would still have HB 885 in Committee, and it could be used as a vehicle for this study if they wanted to appropriate funds. There being no objection to Representative Gruening's motion to amend, it was so ordered. There being no objection to the main motion, as amended, it was so ordered. House Finance Committee Substitute for CSSB 399 was reported out of Committee with a "do pass" recommendation.

HOUSE  
CSSB 399  
REPORTED  
OUT

Chairman Cowper stated the next bill to be considered by the Committee was HB 911.

HB 911

An Act making a supplemental appropriation to the Legislative Affairs Agency; and providing for an effective date.

Representative Freeman moved and asked unanimous consent that HB 911 be reported out of Committee. Representative Duncan objected for the purpose of hearing an explanation of the bill.

Mr. Myrt Charney, Legislative Affairs Agency, stated current funding is good until this coming Saturday (April 8th). He advised that last year LAA had a surplus built up; but this year they are not in this kind of position. He advised that, unless the supplemental appropriation is approved, starting next week they will not have funds to pay salaries, per diem, etc.

Representative Duncan moved to amend Representative Freeman's motion to include a new section 2, stating "\$30,000 is appropriated to Legislative Affairs Agency to purchase equipment for the 'Capital '78 Program'." He passed out material explaining the need for additional equipment. He stated they originally requested over \$80,000, but they were able to trim this down to \$30,000. He stated the \$30,000 would be to purchase the first four items on the list he passed out. Representative Swanson objected to the motion, stating he didn't

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think an appropriation for Capital '78 should be put in the same bill as the Legislative Affairs Agency supplemental for salaries and per diem. The question was called for. Four in favor, six opposed. The motion failed.

There being no objection to Representative Freeman's original motion, HB 911 was reported out of Committee with a "do pass" recommendation.

HB 911  
REPORTED  
OUT

Chairman Cowper referred the following bills to the Subcommittee of the Whole:

SUBCOMMITTEE  
REFERRALS

HB 583 - An Act relating to unemployment insurance.

HB 720 - An Act relating to homesites.

Chairman Cowper stated the next bill to be considered by the Committee was HB 901.

HB 901

An Act making a supplemental appropriation to the Department of Health and Social Services, community developmental disabilities, family support; and providing for an effective date.

Chairman Cowper stated they have had testimony on this previously from ARCA, and would now like to hear the Department's response.

Mr. Bob Gregovitch, Program Administrator, Department of Health and Social Services presented a position paper. He stated the Department does not support passage of this bill given the data they presently have. He stated ARCA has characteristically spent beyond their revenue and has trusted that the Legislature will pay the additional amounts. He briefly discussed previous grants to ARCA. He stated the Department feels ARCA can cover the \$84,000 deficit in other ways if they have to.

Chairman Cowper stated the presentation made to them by ARCA indicated the additional costs were due to costs related to governmental regulations that were imposed. Mr. Gregovitch stated the \$600,000 grant they received in July could have been used to cover these costs.

Representative Gruening asked if the Department's objection was because they felt ARCA didn't need the funds, or that the reasons they need the funds aren't specified. Mr. Gregovitch stated that based on the information they have, the Department feels ARCA could reallocate existing resources and cover expenses. He stated they didn't think they needed the additional money. There was brief discussion on the program review done by the Department.

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Representative Gruening asked if Mr. Gregovitch was prepared to say that expenses could be met without a reduction in services if they did not receive the appropriation. Mr. Gregovitch stated it is the Department's feeling they can cover the expenses with what they have. Representative Gruening asked if they could do it without reducing existing services and Mr. Gregovitch stated yes.

Chairman Cowper advised he has received a report from the Fairbanks Rehabilitation Association indicating they need \$35,000. Ms. Barbara Holtien, Executive Director, Fairbanks Rehabilitation Association stated their organization is similar to ARCA's. She stated they have two programs: one is strictly a residential support program; and the other is a vocational support program. She advised that 75% of their income is secured through grants; the remaining income is dependent on the Association being able to sell their products. She stated they have a deficit of \$35,000 which if they cannot make up, they will have to cut their staff services. She stated this would definitely effect their program.

Chairman Cowper stated this Association has also had the problem with Labor, and they will have to pay an additional \$10,000 for past labor and benefits.

There was brief discussion on both programs.

Chairman Cowper moved and asked unanimous consent that a finance committee substitute be prepared, adding a new section appropriating a grant of \$35,000 to the Fairbanks Rehabilitation Association. There being no objection, it was so ordered. CSHB 901 was reported out of Committee with a "do pass" recommendation.

FINANCE  
CSHB 901  
REPORTED  
OUT

Representative Meekins requested the Committee consider HB 628.

HB 628

An Act making supplemental appropriations to the Department of Health and Social Services, Administration of Justice; and providing for an effective date.

Representative Meekins recommended a committee substitute be prepared incorporating the following changes:

Line 13 -- delete. Representative Meekins advised there is no need for the \$43,934.

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Line 14 -- Representative Meekins recommended deleting funding for one position. He stated he would have to get the correct figure from Mr. Schroeder. Chairman Cowper asked how long it would take to fill the positions once the supplemental had been approved. Representative Meekins stated he did not know, but they would take that into consideration when preparing the Committee Substitute and adjust the funding.

Line 17 -- Representative Meekins advised that \$17,384 should be deleted as the same funding is included in line 19.

Lines 18 and 19 -- Representative Meekins stated they needed these amounts.

Section 3 -- Representative Meekins advised this money is for paying out-of-state prison costs. He stated the people he has talked to within the Department very strongly believe there is no need to take all these people out of the state. He stated they believe they have the capacity to handle them within the state. He recommended the Committee not approve the continuing increase of this program; and he would recommend funding them at 125 prisoners, rather than the 150 they have requested. The Committee had no objections. Representative Meekins will get the correct figure.

Section 4 -- Representative Meekins advised the Parole Board originally requested \$23,000 and they have reduced that to \$6,700. He stated this is the Board's only money for travel.

Representative Meekins advised he will prepare a committee substitute incorporating these changes and bring it back to the Committee for their review.

CSHB 628  
PREPARED

The meeting adjourned at 3:00 p.m.

ADJOURN

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Tape HFC 78-64 #1362 to end  
HFC 78-65 # 001 to 1274

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HOUSE FINANCE COMMITTEE

April 4, 1978

1:30 p.m.

All members of the Committee were in attendance, except Representative Meekins. Representatives Guy, Buchholdt and Schaeffer arrived later in the meeting. Also in attendance: Representative Mike Miller; Commissioner Edmund Orbeck and Dale Cheek, Director, Wage & Hour/Mechanical Engineering Division, Department of Labor; Al Eagle, Director, Management Services, Department of Environmental Conservation; Janet Green, Office of the Governor; Bruce Cummings, Deputy Director, Division of Retirement & Benefits, Department of Administration; Cherie Shelly, Lobbyist, AFEA; Bob Grogan and Dave Scott, Fiscal Analysts, Legislative Finance Division.

PRESENT

Chairman Cowper called the meeting to order and stated the first item of business is consideration of HB 877:

HB 877

"An Act making a supplemental appropriation to the Department of Labor, industrial safety, state inspection; and providing for an effective date."

Commissioner Orbeck stated the \$55,000 supplemental appropriation to the Mechanical Engineering Division is to meet the short fall in FY 78. He commented that, with a nominal increase (\$5) in fees, the Division can meet the FY 79 budget without any problem.

Chairman Cowper commented what he is really talking about is a shifting from program receipts (inspection fees generated by pressure vessel inspections) to general fund.

Representative Swanson raised the question of the Department's being able to raise fees by regulation. He feels they cannot do this. Brief discussion followed, with Chairman Cowper asking whether fees are ruled by statute or regulation. Commissioner Orbeck replied they are governed by regulation.

Mr. Cheek stated that by combining the budgets, they could save \$125 per day per trip to the Slope by using the same person. There was brief discussion.

[Representative Guy arrived at this time.]

Representative Freeman moved and asked unanimous consent that HB 877 be reported out of Committee. There being no objection, it was so ordered. HB 877 was reported out with a "do pass" recommendation.

HB 877  
REPORTED OUT

Chairman Cowper stated the next item for consideration is HB 631:

HB 631

"An Act making a supplemental appropriation to the Department of Environmental Conservation, Coordinated Permit System; and providing for an effective date."

In explaining the supplemental request, Mr. Eagle stated this is to implement the Coordinated Permit System (HCS CSSB 227), passed by the Legislature last year without funding. He stated the Department would act as a distribution center and coordinate with the other Agencies.

Representative Duncan moved and asked unanimous consent that HB 631 be reported out of Committee. There being no objection, it was so ordered. HB 631 was reported out with a "do pass" recommendation.

HB 631  
REPORTED OUT

Chairman Cowper brought up HB 752 for discussion:

HB 752

"An Act relating to the granting of athletic leave."

Representative Gruening presented background information on this bill, stating this would grant--up to a maximum of 90 days over a two-year period--athletic leave for participation in athletic competition in the world, Pan American or Olympic games. He indicated a small number of coaches--perhaps 5-7--would be involved and that a fiscal note is currently being prepared by Ms. Farnan, Legislative Finance. He commented the cost for FY 79 would be under \$10,000. He advised the bill was introduced at the request of the Nordic Ski Club of Anchorage. Brief discussion followed.

Representative Swanson moved and asked unanimous consent that HB 752 be reported out of Committee. There being no objection, it was so ordered. HB 752 was reported out, pending receipt of fiscal note, with a "do pass" recommendation.

HB 752  
REPORTED OUT

The next bill up for consideration was HB 606:

HB 606

"An Act making a supplemental appropriation to the Office of the Governor, Alaska State Council on the Arts; and providing for an effective date."

Ms. Green stated this supplemental is to cover FY 76 overexpenditure caused by unrealized federal receipts. She stated this was the finding of an audit concluded

in August, 1977. She stated, though there were fewer restricted receipts (federal, program and interagency) realized than authorized, the authorization was not reduced. In answer to a question, she advised if the bill did not pass, the audit report would be unsatisfied.

Chairman Cowper commented, in effect, this is matter of adjusting an administrative bookkeeping error. Ms. Green replied this is correct and that there is no additional program impact. There was brief discussion on the status of the Arctic Winter Games.

Representative Freeman moved and asked unanimous consent that HB 606 be reported out of Committee. There being no objection, it was so ordered. HB 606 was reported out with a "do pass" recommendation.

HB 606  
REPORTED OUT

Chairman Cowper stated the next bill to come before the Committee is HB 630:

HB 630

"An Act making a supplemental appropriation to the Department of Commerce and Economic Development, Alaska Transportation Commission; and providing for an effective date."

Chairman Cowper asked Committee members to take time out to read the background information contained in the file. After brief discussion, Representative Freeman moved and asked unanimous consent that HB 630 be reported out of Committee. Representative Swanson objected. The question was called for, and there being no further objection, it was so ordered. HB 630 was reported out with a "do pass" recommendation.

HB 630  
REPORTED OUT

Chairman Cowper brought HB 558 up for discussion:

HB 558

"An Act extending leaves of absence to and amending the group insurance benefits of certain employees of the state, and certain of its political subdivisions; and providing for an effective date."

Chairman Cowper asked Representative Duncan to explain the committee substitute, as reported out the State Affairs Committee.

Representative Duncan stated four bills have been introduced (HB 558, HB 560, HB 562 & HB 564) pertaining to temporary employees; the committee substitute incorporates two. He advised Section 1 would extend leaves of absences to employees who have been hired as temporary employees. Sections 2, 3 and 4, he stated, would extend the group major medical insurance benefits to temporary employees.

Representative Duncan advised Sections 5 and 6 are new and are not contained in any legislation he introduced. He stated these sections provide for physical examination coverage. He also commented he feels the fiscal impact would be much greater for this coverage than indicated on the fiscal note. He indicated he is mainly concerned with Sections 1 and 2.

Chairman Cowper commented he felt the State has had a policy in the past of hiring temporary employees as a convenience to the State, as these people receive no benefits. He stated his personal preference would be to extend to those on the State payroll 30 days or more medical benefits.

There was discussion on Sections 5 and 6 relating to physical examination coverage. Representative Miller commented this is the "Bradley amendment" and would be negotiable. He stated Section 4 is important because it relates to dual employment of spouses, in that when both husband and wife are employed by the State, one can elect not to take the health insurance coverage.

[Representative Buchholdt arrived at this time.]

There was further discussion on the fiscal notes, with Mr. Cummings stating he would provide a fiscal note for the health insurance portion only as requested.

Mr. Cummings commented on the bill with regard to the Administration's philosophy. He talked about the definition of a temporary employee and stated the Administration feels it is not appropriate to provide the same benefits to temporary employees as are provided permanent employees. He discussed the area of collective bargaining between the State and APEA. He suggested appropriate language with regard to collective bargaining be included in Section 2. There was further discussion on collective bargaining, with Ms. Shelley stating group insurance is subject to collective bargaining, but that APEA cannot bargain for benefits for temporary employees now. She urged Section 4 language regarding collective bargaining be included in Section 2.

[Representative Schaeffer arrived at this time.]

Chairman Cowper moved the bill, with Sections 1 through 4, be held over until receipt of a new fiscal note, at which time it would be taken up immediately. He also requested University of Alaska employees be included in Section 3. There being no objection, the motion carried.

HB 558  
HELD OVER

[The meeting recessed at 2:25 p.m. Chairman Cowper stated when the meeting reconvened, Mr. Scott would present a budget review on the University of Alaska short form. The meeting reconvened at 2:45 p.m.]

RECESS

Mr. Scott gave a detailed explanation of the University of Alaska revised short form and corresponding workbook. He explained Columns 10 through 13 of the short form present the zero-base budget and that Column 5 is the proposed UA final FY 78 figure.

U of A  
BUDGET REVIEW

Chairman Cowper asked for the Current Services figure. Mr. Scott indicated this is the \$69.8 million, defined by the University as last year's level plus salary plus increase workload, which uses the two general fund figures--\$70.8, which is the Governor's figure; and \$72.1, approved by the Committee. He advised the total budget figure is \$138 million. Chairman Cowper asked the significance of the \$69 million figure. Mr. Scott explained the University developed their zero-base budget by picking this figure--salary plus inflation--and working back from it. There was discussion as to whether the University complied with legislative intent, which was to start with a zero-base budget. Mr. Scott indicated he felt they did not and that they further complicated things by starting with a dollar figure. He stated this reflects the document approved by the Board of Regents at the meetings during the last few days.

Chairman Cowper asked what was approved by the Board of Regents. Mr. Scott replied they approved a request to the Legislature for four more positions for the State-wide Office; two on the president's staff and two internal auditors.

Mr. Scott passed out a sheet (see attached) explaining the salary increases. He stated this is not represented anywhere else. He advised short form page 15 represents merit increases, which includes the bargaining unit. He advised non-bargaining unit salary increases is the figure \$529.2 on page two of the handout.

Board of Regents:

Board of Regents Office - Chairman Cowper asked Mr. Scott to list the five positions in this office; they are, one comptroller, two internal auditors, one executive secretary to the Board of Regents and one secretary to the executive secretary. There was discussion on the duties of each. Mr. Scott explained one of the first things the Board was going to do is cut out one internal auditor position. Brief discussion followed. Mr. Scott advised there are no new positions requested; the ones indicated in the

short form are for FY 79 full-year funding, as they were funded partial year in FY 78. In answer to a question, Mr. Scott indicated he feels everything could be done by reclassification of positions and that they do not need any more people.

Mr. Scott stated the 15% increase in Contractual represents an increase for the external auditor. In answer to a question, he replied Fred Koehler & Associates had been fired. He stated \$13.7 of the \$14.4 requested in Miscellaneous is a "representation allowance" (entertainment account). In answer to a question, Mr. Scott replied the \$198.9 in Personal Services is the correct total salary figure.

Regents Distribution - Mr. Scott explained the \$400.0 is the Regents contingency fund, to take care of increases in FICA, medical or other emergencies.

General Salary Increase - Mr. Scott stated the \$958.2 is the best figure, but it does not include merit increases. He stated turnover and vacancy savings are used to fund merit increases. Chairman Cowper indicated intent could be addressed in the bill, notwithstanding any appropriation item adopted by the Legislature, the University is authorized to transfer any money saved by turnover or vacancies for merit increases.

Statewide:

Support Services - Mr. Scott advised the Board of Regents scrapped the academic development plan at yesterday's meeting. He commented the Regents indicated they will develop an umbrella plan, but there was no discussion as to what these positions would be for.

Mr. Scott advised all the positions listed were hired through the supplemental and were short-funded in FY 78. He stated there are no new positions requested, just full-year funding for FY 79. There was brief discussion on the job descriptions for the positions listed. In answering questions, Mr. Scott replied the attorney's position is budgeted here and the public relations position (Bob Hillyard's Office) has been deleted from the budget.

In discussing the SCT contract, Mr. Scott advised SCT has both contracts--facilities management and software systems design--and that the contract runs until 1981. He stated cost of the contract for the new computer system program is \$3.5 million and that the Committee may want to include an intent statement with regard to this cost. He also commented SCT had a 101% increase in overhead (\$1.8 million), which the Committee may also

want to address in an intent statement. There was discussion on contract costs.

Organized Research:

Geophysical Institute - Mr. Scott advised one new faculty position (\$35.0) in Solar Physics is requested. He stated that is the difference between the \$598.7 Column 5 figure and the \$6018.7 request in Personal Services. He advised no additional general funds were allowed over Maintenance, and there is no salary step.

Institute of Marine Science - Mr. Scott advised there is a \$13.2 request to move the Geology Lab.

Institute of Water Resources - Mr. Scott stated there is no request for increase.

At this point, Chairman Cowper commented a member of the press was told the University could not give out salary information. He stated he has requested a list of those whose salary is over \$40,000, and it will be made public.

SALARY LIST

Agricultural Experiment Station - Mr. Scott advised the increase represents a \$49.9 request for Homer reindeer range management.

Institute of Arctic Biology - Mr. Scott advised there is no request for increase.

ISER - Mr. Scott noted there is a request for additional funds for quarterly publication--Review of Business and Economic Condition.

CNER - Mr. Scott stated there is no increase requested.

Sea Grant - Mr. Scott advised in FY 79, the whole thing is general fund match.

AEIDC - Mr. Scott stated \$10,000 of the Contractual figure is for the Climatologist.

Biome Center - There were no questions on this section.

Coop Wildlife Research - Mr. Scott advised the only increase here is in Grants that was not in the original budget submitted by the University.

Mineral Industry Research/Forest Soils Lab - Mr. Scott stated there was a reduction in estimated grants.

WAMI - Mr. Scott advised this component is split and that it now handles only research, with the other in Fairbanks or Anchorage.

Naval Arctic Res. Lab - Mr. Scott advised there is a reduction in estimated income.

Other Sponsored Research/Research Administrative Support - Mr. Scott stated there is no change here.

University Center-Fairbanks-Instruction: Representative Swanson brought up a request from the University regarding TVCC, which runs a petroleum engineering program. He stated last year \$150,000 was appropriated with legislative intent and the Governor took it out. He discussed putting it back in with intent. Chairman Cowper stated he concurred but that the Committee is not working with figures today.

There was discussion on the WAMI (medical) program with regard to where the students go to school. Mr. Scott advised the WAMI (Washington-Alaska-Montana-Idaho) program has a full compliment of classes and that students take one year in Fairbanks and the others mainly in Washington in the coordinated program. In answer to a question, he stated 40 spots are guaranteed.

University Center-Fairbanks-Support Services-Centers: Mr. Scott advised this basically covers the museum, and there is no increase in general funds.

University Center-Fairbanks-Support Services-KUAC: Mr. Scott advised there is no increase.

University Center-Fairbanks-Support Services-Academic: Mr. Scott stated the library is asking for additional funds.

University Center-Fairbanks-Support Services-Student: In answer to a question, Mr. Scott stated the Job Placement-Administrative Assistant helps place students and new teachers statewide.

University Center-Fairbanks-Support Services-Administrative Plant: Mr. Scott advised all the positions listed are for full funding of those positions that were funded through the supplemental.

Chairman Cowper stated the Committee would end the review today on short form page 71 and will continue tomorrow at 1:15 p.m. with testimony from University personnel on the Fairbanks and Anchorage portions of the budget.

The meeting adjourned at 4:30 p.m.

ADJOURN

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HFC 78-65 #1275 - End  
78-66 #0001 - End  
78-67 #0001 - #0799

UA - FY 79 BUDGET  
SALARY INCREASE - GENERAL FUND

| PAGE | BASE<br>SCHEDULE                                    | LONGEVITY<br>INCREMENT | MERIT<br>PROMOTION | TOTAL |
|------|-----------------------------------------------------|------------------------|--------------------|-------|
| 12   | STATEWIDE<br>Support Services <i>Paul P. Rogers</i> | 65.7                   | 47.5               | 113.2 |
|      | ORGANIZED RESEARCH                                  |                        |                    | ---   |
|      | UA - FAIRBANKS                                      |                        |                    |       |
| 50   | Instruction                                         | 143.2                  | 61.4               | 204.6 |
| 56   | KUAC                                                | 15.3                   | 10.2               | 25.5  |
| 58   | Academic                                            | 63.2                   | 35.6               | 98.8  |
| 60   | Student                                             | 23.3                   | 17.6               | 40.9  |
| 62   | Admin. & Plant                                      | 223.3                  | 125.6              | 348.9 |
|      | UA - ANCHORAGE                                      |                        |                    |       |
| 66   | Instruction                                         | 70.0                   | 31.5               | 101.5 |
| 70   | Centers                                             | 5.9                    | 3.8                | 9.7   |
| 74   | Academic                                            | 32.3                   | 18.1               | 50.4  |
| 76   | Student                                             | 10.6                   | 7.3                | 17.9  |
| 78   | Admin. & Plant                                      | 68.5                   | 40.2               | 108.7 |
|      | UA - JUNEAU                                         |                        |                    |       |
| 82   | Instruction                                         | 14.3                   | 6.1                | 20.4  |
| 86   | Public                                              | 1.9                    | 1.4                | 3.3   |
| 88   | Academic                                            | 4.0                    | 2.8                | 6.8   |
| 90   | Student                                             | 7.6                    | 6.8                | 14.4  |
| 92   | Admin. & Plant                                      | 16.2                   | 10.3               | 26.5  |
|      | CC - STATEWIDE                                      |                        |                    |       |
| 96   | Administration                                      | 6.4                    | 4.6                | 11.0  |
| 98   | CC Contract                                         | 644.6                  |                    | 644.6 |
|      | CC - ANCHORAGE                                      |                        |                    |       |
| 100  | Instruction                                         | 182.9                  |                    | 182.9 |
| 104  | Academic                                            | 17.3                   | 12.6               | 29.9  |
| 106  | Public                                              | 3.9                    | 2.8                | 6.7   |
| 108  | Student                                             | 6.4                    | 4.4                | 10.8  |
|      | CC - JDCC                                           |                        |                    |       |
| 110  | Instruction                                         | 19.5                   |                    | 19.5  |
| 114  | Academic                                            | 4.2                    | 2.1                | 6.3   |
|      | CC - KENAI                                          |                        |                    |       |
| 118  | Instruction                                         | 20.5                   | 0.7                | 21.2  |
| 120  | Academic                                            | 1.1                    |                    | 1.1   |
| 122  | Student                                             | 1.3                    | 0.7                | 2.0   |
| 124  | Admin. & Plant                                      | 4.7                    | 2.3                | 7.0   |

| <u>PAGE</u>         | <u>BASE<br/>SCHEDULE</u> | <u>LONGEVITY<br/>INCREMENT</u> | <u>MERIT<br/>PROMOTION</u> | <u>TOTAL</u> |
|---------------------|--------------------------|--------------------------------|----------------------------|--------------|
| CC - KETCHIKAN      |                          |                                |                            |              |
| 126                 | Instruction              | 9.1                            |                            | 9.1          |
| 130                 | Academic                 | 1.3                            | 1.1                        | 2.4          |
| 132                 | Student                  | 0.6                            |                            | 0.6          |
| 134                 | Admin. & Plant           | 3.5                            | 1.8                        | 5.3          |
| CC - KOKIAK         |                          |                                |                            |              |
| 136                 | Instruction              | 15.4                           | 3.3                        | 18.7         |
| 140                 | Academic                 | 1.2                            |                            | 1.2          |
| 142                 | Student                  | 1.0                            |                            | 1.0          |
| 144                 | Admin. & Plant           | 3.2                            | 1.6                        | 4.8          |
| CC - KUSKOKWIM      |                          |                                |                            |              |
| 146                 | Instruction              | 47.7                           | 5.4                        | 53.1         |
| 150                 | Academic                 | 1.2                            | 0.7                        | 1.9          |
| 152                 | Student                  | 1.0                            |                            | 1.0          |
| 154                 | Admin. & Plant           | 9.4                            | 5.1                        | 14.5         |
| 155                 | Yupik Center             | 2.7                            | 1.6                        | 4.3          |
| CC - MATSU          |                          |                                |                            |              |
| 158                 | Instruction              | 7.9                            | 1.2                        | 9.1          |
| 162                 | Academic                 | 1.1                            | 0.9                        | 2.0          |
| 166                 | Admin. & Plant           | 2.5                            | 1.6                        | 4.1          |
| 168                 | Eagle River              | 1.8                            | 1.8                        | 3.6          |
| CC - NORHWEST       |                          |                                |                            |              |
| 170                 | Instruction              | 3.2                            | 0.7                        | 3.9          |
| 176                 | Admin. & Plant           | 2.5                            | 1.2                        | 3.7          |
| CC - SITKA          |                          |                                |                            |              |
| 178                 | Instruction              | 10.4                           | 1.0                        | 11.4         |
| 182                 | Academic                 | 1.3                            |                            | 1.3          |
| 184                 | Student                  | 0.5                            |                            | 0.5          |
| 186                 | Admin. & Plant           | 1.3                            | 0.7                        | 2.0          |
| CC - TVCC           |                          |                                |                            |              |
| 188                 | Instruction              | 28.0                           | 6.1                        | 34.1         |
| 192                 | Academic                 | 3.7                            | 1.9                        | 5.6          |
| 194                 | Student                  | 4.1                            |                            | 4.1          |
| RURAL EDUC. CENTERS |                          |                                |                            |              |
| 198                 | Inst.-Rural Centers      | 19.3                           | 8.7                        | 28.0         |
| 200                 | Inst. - Central Supp.    | 2.6                            | 2.1                        | 4.7          |
| 204                 | Research                 | 3.9                            | 2.3                        | 6.2          |
| 206                 | CES                      | 36.2                           | 17.8                       | 54.0         |
| 208                 | Academic                 | 2.7                            | 2.3                        | 5.0          |
| 210                 | Admin. & Plant           | 2.8                            | 1.9                        | 4.7          |
| T O T A L S:        |                          | 644.6                          | 529.2                      | 2,440.4      |

HOUSE FINANCE COMMITTEE

April 5, 1978

1:25 p.m.

All members of the Committee were in attendance. Representatives Guy, Gruening and Duncan arrived later in the meeting. In attendance, testifying on the University of Alaska, were: Ashok Dhingra, Dr. Brewer, and Tim Tilsworth, Statewide Office; Chancellor Culter, University of Fairbanks; Larry Sweet, Organized Research; Chancellor Wolfe and Stan Vaughn, University of Alaska, Anchorage.

PRESENT

Chairman Cowper called the meeting to order and brought HB 609 up for consideration.

HB 609

An Act making a supplemental appropriation to the Alaska Court System, Barrow; and providing for an effective date.

Chairman Cowper stated this bill appropriates \$31,600 for rental and maintenance costs for the Barrow court. After brief discussion, Representative Rhode moved and asked unanimous consent that HB 609 be reported out of Committee. There being no objection, it was so ordered. HB 609 was reported out with a "do pass" recommendation.

HB 609  
REPORTED  
OUT

Chairman Cowper stated the Committee would continue to receive testimony on the budget of the University of Alaska. The first area to be discussed was U. of A., Fairbanks.

UNIVERSITY  
OF ALASKA

University Center - Fairbanks

Instruction: Chancellor Cutler stated his first objective was to maintain the current level of operations; meeting shifts and increases in enrollment; and to maintain the library and business services. He advised his budget is a maintenance level budget.

U. of A.  
Fairbanks

Chancellor Cutler advised he is requesting 4 positions in the following school areas: Mineral Industry, Faculty; Mineral Industry, Lab Technician; Engineering, Lab Technician; and Management, faculty, Accounting. In addition in Mineral Industry, Faculty, he is requesting part time funds for a Geological Engineer. The Accountant in Management is for an Accountant with a PHD to meet accreditation standards. There was discussion on accreditation. Chairman Cowper requested a letter from Chancellor Cutler indicating why these positions are necessary.

(Representative Guy arrived at this time.)

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There was discussion on the WAMI program. Mr. Dhingra stated it was a University priority and was to be placed in the \$70.8 level budget.

Chancellor Cutler advised the increase in the School of Arts and Science is because there was a 12 1/2% increase in enrollment in this area. He stated that in Environmental Science they need support of the instructional program. There was discussion on Graduate TA's. Chancellor Cutler stated they are requesting a total of seven graduate TA's, which are necessary due to the increase in enrollment in this area.

Chancellor Cutler advised the other two items under this BRU relate to the learning centers they are requesting for meeting the needs of teachers in the Bush. He stated there are already five centers throughout the State and they are requesting a sixth center. He advised this program teaches people in the Bush to become teachers. Representative Buchholdt stated that in the Education budget they have funds for five centers, and she asked where the sixth center would be located. Chancellor Cutler stated at this time they do not know. She asked if it would be in the Southeastern area and Chancellor Cutler stated he didn't know. Mr. Scott stated they are coordinating this with the EXCED program.

Chancellor Cutler stated they are also asking for an addition in the Placement of Teachers Program. Representative Buchholdt stated she has checked into this program and is not satisfied that they have to go Outside to look for teachers, as there are many qualified teachers in the Urban areas who could be recruited to work in the Bush. She asked if this service was provided to teachers within the State also, and Chancellor Cutler stated they provide the service to anyone in the state who wants to use the service. Representative Buchholdt asked if they paid the University for the service. Chancellor Cutler stated each applicant pays \$10 for each placement request and they recover part of their funds that way. Representative Swanson agreed with Representative Buchholdt's comments concerning recruiting within the State.

(Representative Gruening arrived at this time.)

There was brief discussion on the positions in the budget. Representative Swanson moved for adoption of the budget including the addition of the four positions needed for accreditation. He further moved to include funding for the Petroleum Engineering Program which the Governor vetoed last year. Chairman Cowper requested that all motions be held until the entire budget had been discussed. Representative Swanson withdrew his motion.

Support Services-Centers: Mr. Scott stated this is the museum and there are no general funds in this component.

Support Services-KUAC: Chairman Cowper stated this is not just funding for a public radio station. He stated it is also used for instructional purposes. Chancellor Cutler stated there has been a drop in total expenses for this component due to the termination of a federal contract.

Support Services-Academic: Mr. Scott advised this component includes the library portion of the museum, academic dean's administrative offices, and the media services program. He stated this budget includes \$52,000 for a library circulation program that was in House Bill 717, and was dropped out of that bill and the Regents put it into their capital budget request. He stated it is currently in both places. There was brief discussion. Mr. Scott suggested that if the funds are to remain in this component Legislative Intent be included stating the \$52,000 is a one-time-only cost for the CLSI library circulation system.

Representative Gruening asked what part of this budget was for the library. Mr. Brewer stated they do not have it broken out, but will provide this information at a later date. Representative Gruening requested the break-out include the amount for new books.

Support Services-Student: In answer to a question from Chairman Cowper, Chancellor Cutler stated if they are going to have a hockey team they have to start planning in advance, and he needs \$150,000 to build the team. There was brief discussion. Representative Gruening requested that a break-out be provided on revenue sources for inter-collegiate athletics. Chancellor Cutler stated he would provide this.

(Representative Duncan arrived at this time.)

Support Services-Admin. & Plant: Chairman Cowper asked what the increase in purchasing clerical was for. Chancellor Cutler advised that when the Federal auditors came in they said he was understaffed in the purchasing office. He stated the items were included in the supplemental request last year, which they haven't received, and they are now in a worse position than they were last year. Chairman Cowper asked how many positions are in the office right now. Chancellor Cutler stated it is hard to tell because the office had previously handled purchasing for statewide, TVCC and the Fairbanks campus, and they are now in the process of splitting it out. Chairman Cowper asked what the business office did. Mr. Brewer stated it had the contract and grants responsibility, purchasing responsibility, maintenance and operation (all custodial on campus) and the book store. Chairman Cowper

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asked if there were any problems with contracts and grants. Mr. Brewer stated there was a large accounts receivable problem, but they are convinced that the problem has begun to substantially straighten itself out.

Chairman Cowper asked how many people were in the Registrars Office and was advised there were about 12. Chairman Cowper stated there have been many complaints on that office, and asked if there has been any policy changes to correct the problems. Chancellor Cutler stated they are aware of the problems, and will probably continue to have trouble with transcripts during the period between the end of the summer semester and the beginning of the fall semester. He stated that systemwide they are working on a system to have all student records computerized, and he thinks they have made great improvements on the Fairbanks campus.

Mr. Scott referred to program receipts, and asked if that is the area they charge to other Departments for services rendered by the physical plant staff. Chancellor Cutler stated it was. Mr. Scott stated that he recalls they had a \$200,000 short fall last year in this area, and he asked if that has been included in the budget. Mr. Brewer stated it has been included in here and they have overcome this type of problem.

Mr. Scott stated there are two other areas which include funds for the Fairbanks campus. They are:

Student Loans, Scholarships, Fairbanks: Chairman Cowper asked what the General Fund monies in student loans was for. Mr. Brewer stated he will have to provide a report. He stated he believes a portion is due to the work experience program that comes in on a matching basis.

Auxiliary Service Operations, University Centers: Mr. Scott advised this includes receipts for expenses for the bookstores and is supposed to operate on a self-supporting basis.

The next area to be considered was ORGANIZED RESEARCH.

Organized  
Research

Chancellor Cutler stated that when research contracts are received by the University, there is an immediate tie-in with instruction. He stated the research becomes a part of the instructional process.

Chairman Cowper stated his understanding from previous testimony is that overhead receipts are to be kept by Research this year and used in place of general funds, and he asked if this was correct. Mr. Dhingra stated Research will pay the Fairbanks Campus for services rendered by the Campus, but they will not be charged for services rendered by Statewide Administration. He stated they

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will receive \$387,000 in indirect cost recovery, which in the past they had to pay to Statewide Administration. There was brief discussion. Mr. Dhingra stated they have established a base of \$7.425 million, and in the future they will prepare their budget on that basis, rather than on salaries, overhead, etc. Chairman Cowper asked if their approach was to set a level of support which can be used by Organized Research as they need it. Mr. Dhingra stated this was correct. There was discussion. Mr. Dhingra stated it would be up to Research to put the money where they need it.

Mr. Scott stated he thought if services were rendered, but not charged for, they could not be included in the overhead rate for the following year. Mr. Brewer stated he discussed this with the federal auditor, and they understand what is being done and find no problem with it. Mr. Brewer stated he will verify this again with the auditors when they come in April. Chairman Cowper stated he would like reinforcement on that statement from the auditors. Mr. Brewer stated he will provide the Committee with the results of his meeting with the Auditors.

Chairman Cowper stated in the past the Legislature has made a general appropriation to the Research Institute and the funds have been allocated so the money could be transferred back and forth without the Institute having to go through the Budget and Audit Committee. He asked if they were comfortable with that. Mr. Sweet stated they were.

Mr. Scott stated the Executive Budget Act requires that all funds lapse at the end of the fiscal year and he asked how that effects the research program. Mr. Sweet stated it is having a profound effect and will cut down on the entire flexibility of the BRU. Mr. Sweet stated the Research Institute operates on 80% restricted funding. He advised that, through no fault of planning or management, a particular unit may have a shortfall because of this. He stated the problem is that if funds lapse, each unit will keep very close track of their funds and if there is any money left over the units will spend the money on their unit, rather than use it to cover other units that may have a short fall. Chairman Cowper stated they could include a clause allowing the Institute to not lapse money if they have a use for it. Mr. Scott stated there should be a reappropriating process to fit the situation at the Institutes, so that funds would not lapse into the general funds of the State. He stated he would discuss this with the Commissioner.

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Chairman Cowper stated the Legislature may add funds to the Research budget for particular projects, and he asked if there would be any problem with the Institute doing these particular requests. Chancellor Cutler stated there would be no problem. Mr. Sweet stated the projects would be handled like any other restricted funds project.

Representative Buchholdt stated she is under the impression that the people under organized research are functioning as professors and lecturers in the system. She asked how many researchers are actually teaching within the system. Chancellor Cutler stated that about 90% of the faculty would have a teaching assignment within a three-year period. There was brief discussion.

The next area to be considered was UNIVERSITY OF ALASKA, ANCHORAGE.

U. of A.  
Anchorage

Mr. Scott asked if the new positions in this budget were based on the Academic Master Plan for UAA or the increase in students. Chancellor Wolfe stated the two tie-in together. Chairman Cowper asked how the student credit hours were counted. Mr. Wolfe stated the count is based on the number of students enrolled in each course. There was discussion on student credit hours and the enrollment report prepared by Mr. Tilsworth. Mr. Tilsworth stated they are working with the Postsecondary Education Commission to find a uniform way to count credit hours. Representative Gruening asked if, in light of the state-wide enrollment study, the position requests were reasonable. Chancellor Wolfe stated they were.

University Center Anchorage:

Instruction: Chairman Cowper questioned other receipts. Mr. Vaughn stated they are related to an estimate provided by the College of Arts and Science based on their projected non-general fund revenues anticipated for next year. He stated they could not specify the exact source of those funds.

Chairman Cowper called a recess at 3:30 p.m. and recalled the meeting to order at 3:40 p.m.

Mr. Scott asked if they had a process whereby these funds could be restricted until they had been identified. Mr. Vaughn stated they would be placed in a separate account and would not be used until the funds had been identified. He stated this would be local control of the funds.

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Chairman Cowper asked what the labor pool was and Mr. Vaughn advised it was funds for part time instructors. Chairman Cowper asked what the basis for this was and was advised it was due to the increase in student credit hours. Chairman Cowper asked how they know they will have an need for more instructors. Chancellor Wolfe stated they normally utilize funds out of the labor pool to employ part time instructors. He stated that when they have enough productivity to warrant someone on a full time basis they would request a position. There was discussion on last year's legislative intent where \$175.0 was appropriated to increase the full time/part time instructor ratio. Chancellor Wolfe stated the ratio has increased from about 60% full time faculty last year to about 72% this year. Chairman Cowper asked if having part time instructors was necessarily bad. He commented that he recalls some of his more enlightening instructors were part time. Chancellor Wolfe stated he thinks part time instructors are a good thing when they supplement a regular program. Chairman Cowper asked what the justification was for the new positions requested. Chancellor Wolfe stated they are based on both program growth and development.

Chancellor Wolfe advised UAA will be undertaking a self study and review for accreditation. He stated speciality areas will also be requesting accreditation in their own areas. Chairman Cowper asked if there was a relationship between the positions and accreditation. Chancellor Wolfe stated there was, and advised at the present time there is only one faculty member in accounting who has a PHD. There was brief discussion. Representative Buchholdt asked what schools are accredited now. Chancellor Wolfe stated only the School of Education is accredited at this time.

Chairman Cowper asked what the funds for Bureau-Management and Urban affairs were for. Chancellor Wolfe stated that three or four years ago the School of Business applied for an urban observatory grant. He stated that Anchorage was selected to receive a grant. He stated that from that an increased interest with regard to urban development has grown. He stated this is a self-sufficient program.

Support Services-Centers: Chairman Cowper asked what "Transfer-Faculty-Business to CJC" was for. Mr. Vaughn stated that several members of the staff at the Criminal Justice Center were paid by grants and contracts which expired last year. He advised that in order to keep the faculty they were paid as positions in the Business School. He stated this is an attempt to transfer the positions back to where they should be in the CJC. Mr. Scott advised they are moving general fund positions back to the CJC, and taking general funds out of the School of Business to do it. There was discussion on the CJC. Mr. Scott requested a breakdown between the CJC and the alcoholism program. Mr. Vaughn will provide that information to Mr. Scott.

Support Services-Academic Mr. Scott stated this is basically the library and media services. Representative Gruening asked if there was anything in the library for increased books to bring the library up to standard. Chancellor Wolfe stated there is \$150.0 for books and \$50 for staff books. Representative Gruening requested a break-out of the programs in this component. Mr. Vaughn will provide.

Support Services-Student: Mr. Scott advised this is the athletic program and part of the mega-structure increase. Representative Gruening requested a break-out of receipts in the athletic program. He asked what the gate receipts for men's basketball were this year and was advised they were just over \$33,000. Representative Gruening stated they are budgeted for \$144,000 next year and asked who would make up the difference if there are not \$144,000 in gate receipts for men's basketball. Mr. Vaughn advised it would be taken out of the athletic program. Representative Gruening expressed his concern that other programs not suffer if men's basketball gate receipts are not what they are projected to be.

Representative Gruening asked how much is going to be spent to support the living expenses of the basketball players. Mr. Vaughn stated the financial aid figure is \$28.7. Representative Gruening asked if they anticipate bringing in non-resident players next year and Mr. Wolfe stated they didn't know. He advised that presently all but two or three players come from out-of-state. Representative Gruening asked if Chancellor Wolfe intended to re-examine the men's basketball program and Mr. Wolfe stated they did. There was discussion on the program. Chancellor Wolfe stated that if an athletic program is conducted properly it would be an asset to the over-all school program. There was discussion on the athletic program.

Mr. Scott advised the mega-structure figures are not included in the short form figures at this time. He advised that column 6 would be increased by \$300.0, \$162.8 from general funds and \$137.2 from program receipts. The line item increases would be: Personal Services \$222.0; Travel \$1.2; Contractual \$9.0; Commodities \$38.7; Equipment \$23.8; Miscellaneous \$5.0. Representative Buchholdt asked what the positions would be. Mr. Vaughn stated the positions would be a facility manager, a swimming pool manager (who would also be involved in coaching), an equipment room manager (who would also be involved in training of athletes), a student center facility manager (responsible for the other parts of the structure), and the rest of the funds would be for part time faculty to managing and operating

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the game rooms, lounges, etc. Chairman Cowper asked if any of the part time workers would be students and Mr. Vaughn stated they would be. Mr. Vaughn advised there would be five positions plus the labor pool.

Student Support Services-Admin. & Plant: Mr. Scott advised the mega-structure total would be \$1058.2 and the break-out would be as follows: Personal Services \$676.8; Travel \$3.9; Contractual \$156.2; Commodities \$111.3; Equipment \$107.5; Miscellaneous \$2.5. He advised this would be all general funds. Mr. Vaughn stated he will provide a break-down on personal services to Mr. Scott.

Mr. Scott advised the Board of Regents utilized plant funds to exercise a lease and purchase a building in Anchorage. He stated the balance is now being included to be paid from general funds. He stated this purchase was done directly through the Board of Regents and did not go through the Capital Budget. He stated they are now putting the debt service directly into general funds being paid by the state. He advised the University paid the first \$20.0 and the rest will be paid by the State. Mr. Scott stated his concern is how the Regents can purchase a portion of the building and then stick the balance into the general fund debt service. There was discussion.

Chairman Cowper asked if there were any other buildings where this had happened. Mr. Brewer stated they are not aware of any of this nature. Chairman Cowper requested an inquiry be done as to whether or not it is legal for the Board of Regents to purchase a building without going through the capital budget process.

Mr. Tilsworth advised they are reviewing all accounting operations on plant funds now to insure that something like this will not occur again. Chairman Cowper requested a report.

Mr. Brewer advised they are in the process of analyzing all these fund balances. He stated these funds should lapse back to the State. He stated if funds are taken out of these accounts for any other purpose it would have to be done with the approval of the State. Representative Haugen expressed concern on the use of funds within the plant fund. There was brief discussion.

The meeting adjourned at 5:05 p.m.

ADJOURN

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Tape HFC 78-67 #799 to end  
HFC 78-68 #001 to end  
HFC 78-69 #001 to 993

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HOUSE FINANCE COMMITTEE  
April 6, 1978  
1:15 p.m.

PRESENT

All members of the Committee were in attendance, except Representatives Guy and Schaeffer. Representative Gruening arrived later in the meeting. Also in attendance from the University of Alaska: Dr. Tim Tillsworth, Assistant to the President for Academic Affairs; Dr. Earle Brewer, Vice President of Finance; Ashok Dhingra, Statewide Budget Office; Chancellor Pat O'Rourke, Rural Education Areas; Harry Heim, Director, Administrative Services, Juneau; Fred Meuse, Coordinator, Kotzebue Extension Center. Also present: Mason West, Alaska Community College Federation of Teachers; Ric Davidge and Rob Mourant, Alaska Student Lobby; Dave Scott, Fiscal Analyst, Legislative Finance Division.

Chairman Cowper called the meeting to order and stated the purpose of the meeting is the University budget overview.

[Representative Gruening arrived at this time.]

Dr. Brewer distributed to the Committee a handout on General Fund and General Fund Match Only (see attached) and stated he would like to begin his presentation with a review on the new request, which is not reflected in the University's FY 79 budget request or the short form. He advised (a) refers to an increase in premium for employees' health insurance. In answer to a question, he stated it has increased to \$12.33 per month per employee. He advised (b) refers to salary savings at 3%. He stated there were some problems relating to annualizing the positions. In answer to a question, he stated right now the range is at 3%, but by the end of the year, it could be 5% or greater and may vary between 5-11% within the State agencies.

UNIVERSITY  
OF ALASKA  
BUDGET REVIEW

In commenting on (c) statewide support request for sabbatical leave for faculty, Dr. Brewer advised it has been the University's practice of handling this on a statewide basis. He stated this is an addition to the budget. Discussion followed on the statewide policy for sabbatical leave, with Dr. Tillsworth stating there is sabbatical leave for professional faculty, four-year faculty leave and administrative leave. He advised the \$200.0 figure represents sabbatical leave for 15 four-year institution faculty members for six months. In answer to a question, he stated they are eligible to apply for sabbatical leave after four years and are eligible every four-five years thereafter. There was

brief discussion on administrative leave. In answer to a question, Chancellor O'Rourke replied presently two are on sabbatical leave, and he has had no requests for next year.

[Representative Schaeffer arrived at this time.]

Dr. Brewer advised (d) is the Board of Regents request for the presidential search. He indicated President Diebold's contract runs through June 30, 1979. Brief discussion followed.

In commenting on (e), Dr. Brewer stated this is a request for two additional personnel in the President's Office, which was approved at the Juneau meeting of the Board of Regents. He cited the volume in the workload as the reason for this request. There was discussion on the duties of those in the President's Office and the need for additional positions--executive assistant and institutional planning director. Chairman Cowper commented on the \$150,000 request for new support for the President's Office when there are vacant positions. Dr. Tillsworth stated they are requesting an executive assistant instead of the executive vice president. He indicated the \$50,000 for the vice president position was used elsewhere and that the position was dropped. Chairman Cowper commented he did not see the need for a surrogate president.

At this point, Dr. Brewer passed out copies of a staffing chart to Committee members commenting this might help clarify the University's position. Chairman Cowper asked if these people would be involved in academic planning, and Representative Gruening commented he felt planning alternatives should come from the Board of Regents instead of from the President's Office. Dr. Brewer advised it would be their job to set up guidelines and that they would be under the Board's direct supervision and control and that the plans could be amended, altered or rejected. Dr. Tillsworth commented these positions are staffed to the President, who is staffed to the Board of Regents.

Chairman Cowper asked for comment from Mr. Davidge. Mr. Davidge stated they see the need for the executive assistant position, and referred to HB 891 and the move to decentralize the University. He stated the vice president position would be too much centralization. Discussion followed.

Representative Swanson brought up the vacant positions and questioned if there were double funding in this regard. Mr. Scott stated he felt what Representative Swanson was referring to was the Board of Regents' request for two new positions. He stated it was his understanding that, rather than making a transfer of positions, it would be

a request for additional positions. Dr. Brewer stated this was in reference to a discussion between President Diebold and himself and that the intent was not to transfer these two positions permanently (from Dr. Brewer's office to President Diebold's office); it was only to be a temporary loan. Dr. Tillsworth commented that this was just a discussion and that the Board did not make any request to drop positions. In answer to a question, Dr. Brewer advised there were 46 people in financing alone and 29 in accounting.

Dr. Brewer stated (f) relates to the megastructure request. Chairman Cowper indicated the megastructure has pretty well been covered at previous hearings.

In commenting on (g) the Comptroller's Office, Dr. Brewer stated the request is to enlarge this office by two internal auditors, as the bookkeeping staffing is inadequate. He stated this would allow them to "gear up" to properly perform their function. Representative Swanson asked if the \$150,000 request is for the four positions, and Dr. Brewer indicated yes, two professional and two support. Mr. Scott asked the total number of positions in the President's Office, and Dr. Brewer advised there would be eight--President, Director of Information Services, four secretaries and two internal auditors.

There was brief discussion on longevity and merit increases, with Chairman Cowper noting there is a revised request.

Statewide-Support Services: There was discussion on the Risk Management insurance program of the University. In answer to a question, Dr. Brewer stated the additional cost of the policy is \$65,000, for a total of \$1,125,000. He indicated he was aware Mr. Scott had talked with Commissioner Allen, Department of Administration, as to the feasibility of the State involving itself in Risk Management, but was not current as to the status on this.

There was discussion on the total number of full-time positions being down from 83 to 78. In answer to a question, Mr. Scott stated Support Services includes everything except the Board of Regents, internal auditors and secretary to the Board.

Chairman Cowper asked how much was budgeted for outside attorneys and was informed \$200,000 for legal counsel and litigation. There was a question on the salary of the legal counsel, and Dr. Tillsworth stated, presently, it is \$55,000 not including benefits. He also indicated this position (Dr. Gruenig) would retain this salary but

that additional responsibilities in personnel have been assigned. Chairman Cowper asked if this included labor relations, and Dr. Tillsworth replied that it did and that Dr. Gruenig handled last year's University-ACCFT on salary. There was discussion as to Dr. Gruenig's being effective in Anchorage on Fairbanks problems.

There was discussion on the SCT contract increase. Dr. Brewer stated prior to June 30, 1977, year-end purchases were made from the excess funds fall-out money, which essentially served to reduce the contracting for the next year. He advised part of this increase is a function in putting the FY 78 contract all "on the table" and "out front". Chairman Cowper commented what this really means is the actual cost of the SCT contract was misrepresented in previous years. Dr. Brewer stated functionally this is true. More discussion followed.

At this point, Representative Swanson proposed the Committee sponsor an appropriation to cover the University deficit figure so that they can get back to zero. Chairman Cowper concurred and asked the total deficit figure. Dr. Brewer replied \$4,911,000 is the deficit advanced by the auditor, Ray Koehler. Discussion followed, with Dr. Brewer stating the original estimate was \$6.3 million, and when that was firmed up, it was \$5.9 million, and then they transferred from Plant. Further discussion followed.

Chairman Cowper moved and asked unanimous consent that the Finance Committee sponsor a supplemental appropriation in the amount of \$4,911,000 to cover the University deficit. Representative Freeman objected, then withdrew his objection. There was brief discussion on the University's providing the necessary backup information within 10 days. There being no further objection, the motion carried.

FINANCE  
COMMITTEE  
SPONSORED  
SUPPLEMENTAL  
TO COVER UA  
DEFICIT

CC-Statewide-Administration: Chancellor O'Rourke stated positions 7, 9, 11 and 12 are new positions. He commented this involves an internal move of these positions to Anchorage and that the cost would be absorbed in this budget. In answer to a question, Chancellor O'Rourke advised Administration is performing direct purchasing services for four of the 10 community colleges and the 12 extension centers.

There was discussion enrollment breakout. Mr. Scott stated the Office of Institutional Studies for Community Colleges never sent the information in so that this could be done. Dr. Tillsworth commented this is the reason for the four positions--to provide better service.

There was discussion on student financial aid, with Chancellor O'Rourke advising the community colleges have not been included in the University's federal financial aid program. In answer to a question, he replied the community colleges receive the same types of grants as the University--Basic Opportunity Grants (work study program, national defense, education loans). Chairman Cowper asked how many students are involved in these applications, and Chancellor O'Rourke answered over 90% are on financial aid. He stated currently the community colleges are receiving indirect support from the University-Anchorage office; however, they are not included on their application for financial aid for next year.

CC-Statewide--CC Contract - Mr. West gave a presentation on the status of Day Care being changed to Early Childhood Development. He stated a revised report was approved by the Board of Regents on March 6. Chairman Cowper requested a copy of the contract. Mr. West advised an analysis was done to discover what campuses could support this project. He indicated Fairbanks already has it; Juneau does not and would have to be fully funded; Anchorage does not and it would depend upon the completion of the megastructure. There was discussion on figures for the completion of the megastructure.

[The meeting recessed at 3:05 p.m. and reconvened at 3:25 p.m.]

RECESS

CC-Statewide--CC-Contract-Salary Arbitration:

Dr. O'Rourke commented in Day Care, the pressure to fund this is being generated by various women's groups and students. He noted very few faculty members have pre-school children.

CC-Anchorage-Instruction: Chancellor O'Rourke stated nine new full-time faculty members are requested due to a general increase in workload. He stated currently they do not have a full-time P.E. instructor.

CC-Anchorage Support--Support Services-Academic:

Mr. Scott commented these are all existing positions; no new positions requested. There was discussion on the Assistant Director's position.

CC-Anchorage Support--Support Services-Public:

Mr. Scott indicated this is the Adult Literacy Lab. Chairman Cowper asked if this is all program receipts, and Mr. Scott replied the \$249.0 and \$295.0 figures are general fund, and the balance is program receipts.

CC-Anchorage Support--Support Services-Student:

Chairman Cowper asked if this was program receipts and was informed by Mr. Scott it is general fund.

CC-Juneau/Douglas: It was a general consensus of the Committee to wait for testimony from Dr. Russell Jones on this section.

CC-Kenai--Instruction: Mr. Scott distributed to the Committee a handout (see attached) presented by Dr. Wilsey when he testified before the Senate Finance Committee. He stated this request is in addition to the short form. He advised \$69,000 was reduced by the Governor's Office. He stated the Governor struck those things considered new programs. There was discussion on the petroleum study coordinated by Kenai CC and Seward Skill Center, and Mr. Scott indicated this is not included in the short form.

Mr. Scott advised all requests on Kenai are in the short form.

CC-Ketchikan--Instruction: Representative Freeman commented the Marine Technology Program was reduced from \$125,000 to \$52,000 by the Governor. He indicated the program was started, and they need at least \$75,000.

CC-Ketchikan Support--Support Services-Administration & Plant: Mr. Scott indicated in addition to the position shown, there is an increase for the 12-month operation of the Seventh and Madison Building.

CC-Kodiak Support: There were no questions on this section.

CC-Kuskokwim--Instruction: There was discussion on the Instructor for Technical and Instructional Diesel Engines. Chancellor O'Rourke stated this program is designed to teach villagers the maintenance of diesel engines.

CC-Mat-Su--Support Services-Eagle River: Chairman Cowper commented last year the Legislature thought instructors would be sent to Eagle River, but instead Jim Orani was sent out there. Chancellor O'Rourke stated he felt this was an internal matter and that, before instructors could be sent, some ground-work had to be done in checking into facilities, etc. Discussion followed.

CC-Northwest--Instruction: Mr. Scott advised this includes a grant in restricted funds that hasn't been included before. He stated the fee income budget has remained the same the last few years, even though they have increased. He indicated some of this may be student-generated hours. Chancellor O'Rourke stated the 10 community colleges are

in the worst shape. Mr. Scott stated they are working with part-time faculty and that they might be better if they were working with full-time faculty. Chancellor O'Rourke feels that, as the program increases, so will the full-time faculty.

CC-Sitka--Instruction: Chancellor O'Rourke indicated the position listed is a half-position and is also listed in Academic Support.

There was discussion on the road improvement situation, with Chancellor O'Rourke stating they are presently involved in a land exchange program with the Mental Health Lands Board.

CC-TVCC: Mr. Scott distributed a handout on TVCC proposal for Academic Support of Non-Credit Programs. In answer to a question, he stated this would be basically a 50% increase. There was brief discussion.

Rural Education Centers: Chancellor O'Rourke introduced Mr. Meuse who gave a brief presentation on what is done at the Kotzebue Extension Center. He stated out of 100 graduating high school students, 61 went on last year.

There was discussion on Vice President Ramos' salary (\$45,000) that was budgeted improperly, with Chancellor O'Rourke stating the "bottom line" is they need \$45,000 from somewhere.

There was discussion on the Kellogg project last year with regard to federal receipts.

Chairman Cowper advised the Committee would continue with the University budget review tomorrow at 1:15 p.m.

Chairman Cowper noted a quorum was not present, but moved that the Finance Committee sponsor a resolution that the State does not purchase anything issued from the J.P. Stevens firm so long as they are in defiance of NLRB orders. He stated this is a firm in the South that deals in textiles. There being no objection, the motion carried.

The meeting adjourned at 4:45 p.m.

NEXT MEETING

J.P. STEVENS  
FINANCE  
COMMITTEE  
SPONSORED  
RESOLUTION

ADJOURN

-----  
HFC 78-69 #0997 - End  
78-70 #0001 - End  
78-71 #0001 - #0792

# UNIVERSITY OF ALASKA

## FY79 BUDGET REQUEST ANALYSIS

### GENERAL FUND & GENERAL FUND MATCH ONLY

The University of Alaska's FY79 Budget Request in the amount of \$77,667.4 is being summarized as Current Services Request, i.e., 3.55% increase in salaries and 6% inflation in other operating expenditures over FY78 Base; Maintenance Request, i.e., Current Services + Increase Workload; and total Regents' Request, i.e., Maintenance Request + Change (new programs).

This summary of the FY79 Budget Request for the University of Alaska (i.e., General Fund and General Fund Match) is included under Attachment A-1 (21 Budget Request Units format) and under Attachment A-2 (Short Form format).

Attachment A-1 and A-2 also reflect the University of Alaska's FY79 Budget Request as included in State Forms #4A (Component Operating Expenditure Summary), State Forms #5 (Operating Expenditures - Analysis of Maintenance Level), and State Forms #6 (Operating Expenditures - Analysis of Change from Maintenance Level).

The University of Alaska's original FY79 Budget Request in the State Forms submittal did not take into account the following:

- a. Increase in premium for Employees' Medical Insurance - Current Services Request \$ 341.2\*
- b. 3% Salary Savings (does not include Organized Research) - Current Services Request (1617.7) *V/t*
- c. Statewide Support Request for the Sabbatical leave for the faculty - Current Services Request 200.0

Changes in Current Services Request -  
SUB-TOTAL:

\$(1076.5)

d. Board of Regents' Request for the Presidential Search - Increase Workload Request \$ 25.0

e. Statewide Support Services for the President's Office - Increase Workload Request 150.0

*Academic Planning?*

|                              |   |            |
|------------------------------|---|------------|
| Exec. Asst.                  | = | \$ 50K     |
| Adm. Sec.                    | = | 18K        |
| Staff Asst. to Pres.         | = | 35K        |
| Pers. Sec.                   | = | 16K        |
| Staff Bens.                  | = | 20K        |
| Travel, Equip. & Commodities | = | <u>11K</u> |
|                              |   | \$150K     |

f. University of Alaska/Anchorage's Request for the operation of Mega-Structure Increase Workload Request 1221.0

Comptroller's Office

|                               |   |            |
|-------------------------------|---|------------|
| 2 Internal Auditors @ 40K ea. | = | \$ 94.4    |
| Equipment                     | = | 1.5        |
| Travel                        | = | 4.0        |
| Commodities                   | = | <u>1.0</u> |
|                               |   | 100.9      |

Changes in Increase Workload Request - SUB-TOTAL: \$1496.9

Changes in Total Request: \$ 420.4

These changes are not reflected in the University of Alaska's FY79 Budget Request or the Short Form. *Q*

# KENAI PENINSULA COMMUNITY COLLEGE

of the University of Alaska in cooperation with the Kenai Peninsula Borough School District

P.O. Box 848 ★ Soldotna, Alaska 99669 ★ 262-5801

To: The Senate Finance Committee of the Alaska Legislature

April 3, 1978

## FY 1979 K.P.C.C. BUDGET

### KPCC THIS SPRING

To date during the spring semester, the Kenai Peninsula Community College has registered 1242 students, 1009 for college credits totalling 4453 semester credit hours. This total ranks it second only to Kuskokwim among the rural community colleges of Alaska. 5.0% of the total population (24,611) registered for one or more classes, with 1866 enrollments overall.

### STATISTICS

| Item                                   | FY 75 | FY 76 | FY 77               | FY 78  |
|----------------------------------------|-------|-------|---------------------|--------|
| Borough Population <sup>1</sup>        | 18980 | 21660 | 24611               | 27560  |
| KPCC Headcount-Total <sup>2</sup>      | 982   | 1723  | 1830 <sup>3</sup>   | 2476   |
| KPCC Headcount-Credit <sup>2</sup>     | 573   | 925   | 1291 <sup>3</sup>   | 1943   |
| Increase                               | ---   | 61.4% | 39.6%               | 50.5%  |
| SCH Produced-Total                     | ---   | ---   | 7422.8 <sup>4</sup> | 8646.9 |
| SCH Produced-Credit                    | ---   | ---   | 5793.0 <sup>4</sup> | 8236.0 |
| Increase                               | ---   | ---   | ---                 | 42.2%  |
| Full Time Students-Fall <sup>5</sup>   | ---   | 11    | N.A.                | 83     |
| Full Time Students-Spring <sup>5</sup> | ---   | 19    | 53                  | 113    |
| Courses Offered                        | ---   | 99    | 110                 | 114    |
| Budget <sup>6</sup>                    | ---   | ---   | 971.5               | 1068.3 |

<sup>1</sup>Kenai Borough estimates.

<sup>2</sup>Alaska citizen-students registered. Semesters totalled.

<sup>3</sup>Includes 124.5 Alyeska and BP students under a full-month one-time-only contract. True figures would be 1705.5 and 1166.5.

<sup>4</sup>Includes 1494 credit hours under Alyeska and BP contracts above. True figures would be 5928.8 and 5793.0. This amount has been deducted under "SCH Produced-Credit".

<sup>5</sup>12 or more SCH per semester.

<sup>6</sup>Commission for Post Secondary Education.

### INSTRUCTION

114 classes were offered last fall, only 4 more than last year in spite of heavy student increases. KPCC schedules only high demand/high content/high performance/high value courses. We offer no community school, general interest of childrens' courses. Performance is required and students respond. We have no "blanket A" classes. Academic offerings are rigorous. Vocational programs are highly sophisticated at an advanced technological level. Graduates are able to produce immediately after graduation whether in computer or management sciences, electronic or petroleum technology, education or water/waste water operations, or wherever. We host

a wide variety of seminars and workshops in Income Taxes, Health, Fishing, police and fire protection, art and on and on.

## GROWTH

According to our best data, KPCC today serves about 3.4 times as many Alaskans as in 1974-75. We grew almost 40% from '76 to '77 and another 50.5% this year. Credit hour production has almost trebled. Yet the faculty is the same although served by another 1/2 time secretary who also works on admissions. The administrative staff is the same. KPCC has no Admissions Officer, no Dean of Academic or Student Affairs, no Business Manager. All are as badly needed as instructors themselves. My deputy and I are the only administrators; we must manage all college activities--instruction, academic support, student affairs, business, physical plant and registration although KPCC is a million dollar operation. And very rapid growth promises to continue. One scholarship program alone will require 1200 credit hours per year spread over all divisions of the college. The Borough continues to grow at 12% or more each year, and at least an equal growth in demand for education may be anticipated. With no end in sight, KPCC has prepared and presented to the University a prioritized list of urgent items vital to the immediate functioning of the college. This list should be considered in addition to standard budget items. It envisions no added programs at all. Expansion of programs would raise the ante.

## SUPPORT

We run an efficient operation. We justify every request and we squeeze every dollar until it cries. The CPSE shows our costs per credit hour to remain low while productivity remains high. We continue to offer the best education and training we can deliver. But to continue at the present levels of quality and registrations will require legislative support. We have gone as far as we can go without it.

## BUDGET

Early in March of this year, the University presented to this body a recommended KPCC budget for your approval. Dr. O'Rourke, who always has been sincerely helpful, increased the college figure by 5.4% to \$1224.0. While we are grateful for his efforts, we cannot be satisfied with the results. The March 30 revision (LFC) of the U.A. operating budget for FY79 on Page V clearly shows why. KPCC is the second largest community college but it ranks at the bottom or next to the bottom in funding from the legislature both in unit support of instruction and in unit support of the total college. The preliminary CPSE foundation study indicated an underfunding of about \$445,000. Costs of technologically sound instruction calls for more money. And we do know what we need in ABC order. Finally, an abnormally high rate of return to Alaska should be realized out of its investment in human beings educated and trained at KPCC.

# KENAI PENINSULA COMMUNITY COLLEGE

of the University of Alaska in cooperation with the Kenai Peninsula Borough School District

P.O. Box 848 ★ Soldotna, Alaska 99669 ★ 262-5801

## FY 79 INCREASE WORKLOAD REQUEST<sup>1</sup>

### Summary of Needs in Priority Order

#### First Year Decision Package

MORE

|     |                                                     |                               |      |       |
|-----|-----------------------------------------------------|-------------------------------|------|-------|
| 1.  | Admissions/Records/Financial<br>Aids Office         |                               |      |       |
|     | a. Admissions Officer/Registrar                     | Institutional                 | 40.8 | 40.8  |
|     | Full Time - 12 Months                               | Support                       |      |       |
|     | b. Admissions Secretary                             | "                             | 18.8 | 59.6  |
|     | Full Time 12 Months                                 |                               |      |       |
| 2.  | English Instructor                                  | Instruction                   | 10.9 | 70.5  |
|     | Full Time - 9 Months                                |                               |      |       |
| 3.  | Developmental/Remedial Reading<br>Math Instructor   | Instruction                   | 38.6 | 109.1 |
|     | Full Time-9 Months                                  |                               |      |       |
| 4.  | Career Counselor Half Time<br>10 Months             | Student<br>Services           | 18.2 | 127.3 |
| 5.  | Faculty/Counselor Secretary<br>Full Time - 9 Months | Instruction                   | 16.3 | 143.6 |
| 6.  | Petroleum/Electronics/Physics<br>Lab Assistant      | Instruction                   | 11.0 | 154.6 |
|     | Full Time-9 Months                                  |                               |      |       |
| 7.  | Library Aide Full Time -9 Months                    | Academic Sup-<br>port         | 15.3 | 169.9 |
| 8.  | Secretary/Clerk Full Time<br>12 Months              | Institutional<br>Support      | 14.7 | 184.6 |
| 9.  | Labor Pool Part Time                                | Instruction                   | 8.3  | 192.9 |
| 10. | Time Sharing Computer                               | Instruction<br>Administration | 36.3 | 229.2 |

<sup>1</sup> A number of items have been omitted from this list that first appeared on the U.A. list due to interim developments. The University list includes detailed Program Impact statements.

HOUSE FINANCE COMMITTEE

April 7, 1978

1:25 p.m.

All members of the Committee were present except Representative Schaeffer. Representatives Cowper, Guy, Meekins and Gruening arrived later in the meeting. Also in attendance: Russ Jones, President, and Harry Heim, Director Administrative Services, University of Alaska, Juneau.

PRESENT

Vice-Chairman Freeman called the meeting to order and stated the Committee would continue to receive testimony on the University of Alaska, Juneau.

U. of A.  
JUNEAU

Mr. Jones stated the Committee had requested information at an earlier meeting concerning grade distribution. He stated he received that information for the Fall Semester, 1977, and the distribution was as follows: Teacher Education: A's 35 6/10%; B's 12 4/10%; C's 1 8/10%; in Fisheries: A's 15 3/10%; B's 15 3/10%; C's 11 4/10%; F's 4%; in Management: A's 20 9/10%; B's 20 4/10%; C's 10 2/10%; F's 7 1/10%; and in General Studies: A's 60%; B's 7%; F's 1%. He stated this shows improvement over previous quarters.

Mr. Jones advised the budget was prepared with their first priority being to get their accreditation back on line. He stated that all position requests are in line with that.

University Center-Juneau

Instruction: Mr. Jones stated that all the positions in this component are needed to come up to full accreditation. He advised they isolated three of the six positions requested, which they feel are their top priority. He advised that in Fisheries there are two positions requested. He suggested that if the Committee felt that one of these positions should be deleted, that they leave it up to the Department to determine which of the two positions they would need.

(Representatives Cowper and Guy arrived at this time.)

He stated they are requesting 2 1/2 positions in Humanities and Arts and Science. He suggested that if the Committee were going to delete any of the positions, they not delete the Assistant Professor, English and Humanities, as they feel that is the most important.

Mr. Jones advised the third position they feel they really need is the Associate Professor in Business Administration. He advised they have one instructor in accounting, but he does not have a degree. Mr. Jones stated this position is a number one priority.

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There was discussion on the other positions requested. Representative Haugen requested further information on the fisheries program. Mr. Jones advised the curriculum was designed in consultation with Dr. Atkinson, who is one of the foremost people in northwest fisheries. He stated the program was designed to be a general fisheries and management curriculum.

Representative Haugen stated he has received correspondence from individuals indicating their concern with the Bottom-fishery and requesting vocational education. Mr. Jones stated they are looking at their entire program to see what areas they should support. He stated he thinks they need to look more closely into bottom-fisheries. Mr. Jones stated he would be happy to talk to those individuals who contacted Representative Haugen about a program.

Support Services: Mr. Jones stated academic support is related to instructional support. He advised the only requests for positions are in the library to improve its use for students.

(Representative Meekins arrived at this time.)

Mr. Jones stated the library has had the greatest increase in need for services. There was discussion on the positions requested.

Mr. Jones advised that in the Plan area there is a position request for a custodian for the new building. He advised the building will be open no later than July 1, 1978.

Under Student Support Services, Mr. Scott asked if some money was to be moved to the student loan program. Mr. Keims advised that the \$37.2 federal funds were to be moved to Student Loans, Scholarships-Juneau. He advised that personal services should be reduced by \$2.6, and \$30.1 should be taken out of Grants.

Mr. Jones stated they have been careful in estimating their income. He stated the program receipts amount looks to be realistic.

Chairman Cowper stated he would now like to begin to close-in on the numbers for the University of Alaska budget. Mr. Scott requested that before going through the short form page by page, that the Committee make a decision on Merit Salary -- Promotions. He stated this includes both merit increases and longevity. He stated they have had a request by the Board of Regents to take merit out completely. He advised that \$975.2 is for nonbargaining units longevity, and \$529.2 is for non-bargaining units merit. He stated the \$529.2 assumes 50% of the staff would receive a merit increase. Chairman Cowper asked if there were any actual figures on vacancy and turnover.

U. OF A.  
BUDGET  
CLOSE-OUTS

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Mr. Scott stated there are none the University will stand by. He stated a 3% turnover would be conservative. He advised they have already spread the longevity over the various components; but the merit increase had not been spread because history shows this can be taken out of vacancy and turnover. Chairman Cowper moved and asked unanimous consent that this BRU be spread over the various components, and legislative intent be included stating: Funds for merit increases are to be taken from savings due to vacancy and turnover. There being no objection, it was so ordered.

Legislative  
Intent

BOARD OF  
REGENTS

Board of Regents

Board of Regents Office: Chairman Cowper stated the two internal auditor positions are needed. He advised the cost would be an additional \$100.9. There was discussion on the presidential search. General consensus of the Committee was that a search should be conducted. Chairman Cowper moved the figure of \$505.8, which would be the request figure, plus \$100.9 for the two additional internal auditors, and \$25.0 for the presidential search. There being no objection, it was so ordered.

Regents Distribution: Chairman Cowper stated this component is funds for the anticipated F.I.C.A. increase. Chairman Cowper moved to delete this BRU, and include legislative intent under the Board of Regents Office component stating: If legislation is passed mandating an increase in the F.I.C.A. contribution by employers, the University is invited to submit a supplemental. There being no objection, it was so ordered.

Legislative  
Intent

Merit Salary-Promotions: Chairman Cowper stated this component had already been discussed. Mr. Scott asked if the 3% salary savings would also be spread into the budget and Chairman Cowper stated yes. He stated the University did say they could stand a general reduction throughout their budget of 3% in personal services, for a total of \$1617.7 and it would be spread throughout the budget. Chairman Cowper advised there would be no reduction in services. There being no objection, it was so ordered.

STATEWIDE  
ADMINIS-  
TRATION

Statewide

Support Services: Mr. Scott advised the regents have requested an additional \$150.0 for positions in the President's Office. There was discussion on the additional positions requested. Representative Swanson stated that if funds are added for these additional positions, they will be taking funds away from the educational programs. Chairman Cowper asked what the \$7645.6 request figure included. Mr. Scott stated it did not include the additional \$150.0 requested for new positions, but it did include all those positions listed on the short form. He stated these positions presently exist. Chairman Cowper stated the SCT contract is also included in this component and there was brief discussion on the contract. Chairman Cowper moved the figure of \$7645.6, with the comment that if the additional

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positions were needed they could be taken out of vacancy and turnover. There being no objection, it was so ordered. Chairman Cowper moved that legislative intent be included stating the Statewide Office would not bill the Research Institute for overhead. There being no objection, it was so ordered. Chairman Cowper moved that legislative intent be included stating the new SCT program should be in compliance with Senate Bill 261 which was passed last year. There being no objection, it was so ordered. Mr. Scott asked if intent regarding the state assuming risk management of the University should be included. Chairman Cowper stated the University is looking into this, and he doesn't think the Legislature should make that decision at this time. This intent was not included.

Legislative  
Intent

Legislative  
Intent

#### Organized Research

ORGANIZED  
RESEARCH

Chairman Cowper stated the Committee had to address the problem of lapses of unrestricted funds. He stated he would like to allow the carry forward of general funds from year to year, because it is going to create various problems if this is not done. He stated they could figure out a way to keep tabs on the funds. There was discussion. Representative Haugen stated an audit statement should suffice. Representative Swanson suggested allowing the carry-forward funds with a report to the legislature at the end of the fiscal year. Chairman Cowper stated he would like to allow them as much flexibility as possible and still keep track of the funds. Representative Haugen stated some funds have been in here for two to three years and have not been used. Chairman Cowper moved that specific language be included in the bill allowing organized research to carry-forward funds, and requesting them to submit a report to the Legislature at the end of each fiscal year concerning the disposition of such funds. There being no objection, it was so ordered. Chairman Cowper moved that these funds be in the allocation column so the funds can be moved around. There being no objection, it was so ordered. Chairman Cowper moved to include legislative intent stating the overhead reallocation does take care of salary step increments in the Organized Research budget. There being no objection, it was so ordered.

Language  
In Bill

Legislative  
Intent

Geophysical Institute: Chairman Cowper moved to accept the request figure of \$8697.1 with legislative intent stating that general funds are to be used for the new position for only one year; after FY 79 the position will be funded through restricted funds. There being no objection, it was so ordered.

Legislative  
Intent

Institute of Marine Science: Chairman Cowper stated the general fund difference is \$13.2 to complete the move of the geophysical lab. He stated the Navay contract would be included here. There was discussion on the contract. Representative Haugen stated people in the industry are anxious to get the problem straightened out. There was further discussion. Representative Haugen moved

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to include \$50.0 for the clam toxin study. There being no objection, it was so ordered. Chairman Cowper moved to accept the total figure of \$6283.5. There being no objection, it was so ordered.

Institute of Water Resources: Chairman Cowper moved to accept the request figure of \$833.6. There being no objection, it was so ordered.

Agricultural Experiment Station: Chairman Cowper stated the request figure includes funds for a study of the food supply of reindeer in Homer. There was discussion. Representative Rhode moved to accept the request figure of \$2984.0. Representative Freeman objected and called for the Question. Representatives Cowper, Buchholdt and Freeman opposed. The motion carried.

Institute of Arctic Biology: Chairman Cowper moved the figure of \$5189.4 (request). There being no objection, it was so ordered.

ISER: Chairman Cowper moved the figure of \$1645.9 (with \$3995 general funds) which would exclude the publication. There being no objection, it was so ordered.

(Representative Gruening arrived at this time.)

CNER: Chairman Cowper moved the request figure of \$791.2. There being no objection, it was so ordered.

Sea Grant: Chairman Cowper moved the request figure of \$1485.3. There being no objection, it was so ordered.

AEIDC: Chairman Cowper stated the difference in the column figures is a cost of \$41.9 for the climatologist position. There was discussion on the new position. The general consensus of the Committee was they did not have adequate information on the position, and therefore should not include it. Chairman Cowper moved the request figure less \$510.4 general funds, for a total of \$1962.5. There being no objection, it was so ordered.

BIOME Center: Chairman Cowper moved to accept the request figure of \$544.5. There being no objection, it was so ordered.

Coop. Wildlife Research: Chairman Cowper moved to accept the request figure of \$226.3. There being no objection, it was so ordered.

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Mineral Industry Research: Chairman Cowper stated they are in the process of purchasing a mine. He stated they need about \$100.0 and have raised about three-fourths of that amount. He moved to include an additional \$25.0 for the purchase of the Silver Fox Mine. There was brief discussion. There being no objection, it was so ordered. Chairman Cowper moved to accept a total figure of \$417.4, with general funds being \$170.6. There being no objection, it was so ordered.

Forest Soils Lab: Chairman Cowper moved to accept the request figure of \$359.8. There being no objection, it was so ordered.

WAMI: Chairman Cowper moved to accept the request figure of \$256.6. There being no objection, it was so ordered.

Naval Arctic Research Lab: Chairman Cowper moved to accept the request figure of \$9600.0. There being no objection, it was so ordered.

Other Sponsored Research: There was discussion on what was included here. Chairman Cowper stated there was a request by the History Department for a grant of \$35.0 to complete Senator Gruening's biography. There was discussion. Mr. Scott suggested this might be included under the Historical Commission, rather than under this component. The general consensus of the Committee was to not add the \$35.0. Chairman Cowper moved to accept the request figure of \$330.0. There being no objection, it was so ordered.

Research Administrative Supp.: Chairman Cowper moved to accept the request figure of \$71.0. There being no objection, it was so ordered. Mr. Scott suggested that legislative intent be included requesting the legislative auditor to work with research to review the overhead rate and make a report back to the Legislature next year. There being no objection, it was so ordered.

Legislative Intent

University Center-Fairbanks: There was discussion on the new positions. Chairman Cowper moved to accept the column 13 figure of \$10342.1, and adding the following new positions only: Mineral Industry, Faculty; Mineral Industry, Lab Technician; Engineering, Lab Technician; Mineral Industry, Faculty (position #22-25 in workbook); and to accept the WAMI contract (#27 in workbook). There being no objection, it was so ordered. Representative Swanson moved and asked unanimous consent that \$130.0 be added for development of the petroleum engineering degree program. There being no objection, it was so ordered. Chairman Cowper moved that \$15.0 general funds be added for research assistantships in oceanography. There was brief discussion. There being no objection, it was so ordered. The new total figure is \$10751.9, general funds \$8291.8.

U. OF A.  
FAIRBANKS

Chairman Cowper called a recess at 3:00 p.m. and recalled the meeting to order at 3:20 p.m.

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Support Services-Centers: Chairman Cowper moved to accept the request figure of \$265.0. There being no objection, it was so ordered.

Support Services-KUAC: Chairman Cowper moved to accept the request figure of \$970.0. There being no objection, it was so ordered.

Support Services-Academic: Mr. Scott advised the request figure includes \$52.0 as a one time charge for purchase of a computerized library circulation system. Chairman Cowper moved that the \$52.0 be taken out, and this item be included in the capital budget request. There being no objection, it was so ordered. The \$52.0 will be taken out of equipment, the total figure is \$316.1.

Support Services-Student: There was discussion on the new positions requested and the placement service. Chairman Cowper moved to not accept the new position of job placement-Administrative Assistant, but to accept the labor pool position. The new total is \$1494.5, with general funds being \$1238.2. There being no objection, it was so ordered.

Support Services-Admin. & Plant: Mr. Scott advised that all the positions on the short form were approved in the supplemental on a part year basis, and are filled. There was discussion on the positions. Chairman Cowper moved the figure of \$9300.0 for general funds (reducing general funds by \$106.9), for a total of \$11734.6. There being no objection, it was so ordered.

UNIVERSITY OF ALASKA - ANCHORAGE:

U. OF A.  
ANCHORAGE

Instruction: Mr. Scott stated the positions are requested to begin development of their total academic plan and in anticipation of accreditation. There was discussion on the positions. Representative Gruening moved that the following positions be approved: #2 (labor pool-educ/nurse/eng.), #4 (Assoc. Prof.-math), #5 (Assoc. Prof.-Accounting), #6 (Assoc. Prof.-Accounting), #7 (Prof.-Counseling & Educ. Psych), #10 (Assoc. Prof.-Social Work), #11 (Assoc. Prof.-Music), #12 (Secretary-Faculty Support), #15 (Assoc. Prof.-Marketing), #16 (Assoc. Prof.-Speech). The total figure is \$5751.7, with general funds being \$3358.8. There being no objection it was so ordered.

Support Services-Centers: There was discussion on the Criminal Justice Centers and the new positions requested. Representative Gruening moved to accept the request figure of \$1076.2. Representative Haugen objected to the alcohol figure. The Question was called for. Representatives Gruening, Buchholdt and Swanson were in favor. The motion

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failed. Representative Gruening moved the request figure less \$49.0 general funds for the alcohol and drug addiction program, and deleting the new position Training Coordinator, CAAS. The new total would be \$1027.2. There being no objection, it was so ordered.

Support Services-Academic: Representative Gruening stated he would like to build up the library. There was discussion on the library figure. Chairman Cowper stated if the acquisition of books is a one-time charge he would like to add it to the capital budget. Representative Gruening stated a portion of the \$149.5 may be their yearly appropriation for periodicals, etc. Representative Gruening moved to put \$109.0 of the acquisition for books request in the capital budget, leaving \$50.0 in this budget, for an Equipment figure of \$106.6; a total of \$2189.1, and general funds \$1854.1. There being no objection, it was so ordered.

Support Services-Student: Mr. Scott advised he has received a downward revision from the University, based on discussions in the House and Senate Finance Committees concerning federal funds. Representative Gruening stated he wanted to be sure that in reducing funds they were not taking anything out of programs other than from men's basketball. Chairman Cowper stated the new positions are basically to establish their placement office. There was discussion. Representative Gruening stated that before closing this component, he would like a commitment from the University that other sports will not be hurt by the men's basketball program. This component was held OPEN.

Open

Support Services-Admin. & Plant: There was discussion on the request figure and the new positions. Chairman Cowper stated the budget analyst, accountant, and accounting technician positions are already filled. Chairman Cowper stated this component in the Fairbanks campus was reduced by \$100.0. There was discussion. Representative Gruening moved that a general reduction of \$50.0 be made to the request figure of \$5318.2. There being no objection, it was so ordered.

Chairman Cowper stated that prior to adjournment, he would like to discuss another matter. He stated there has been a problem with the Legislative Affairs Agency concerning staffing, and he has prepared a bill on this which he thinks will solve the problem. Chairman Cowper moved that the finance committee sponsor this bill. There being no objection, it was so ordered.

FINANCE  
COMMITTEE  
SPONSORED  
BILLS

Chairman Cowper presented another bill relating to Alaskan Subcontractors, and moved for permission to have this bill be a Finance Committee sponsored bill. He stated the bill would be reported back to the finance committee. There being no objection, it was so ordered.

ADJOURN

The meeting adjourned at 4:35 p.m.

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Tape HFC 78-71 #792 to end  
HFC 78-72 #001 to end  
HFC 78-73 #001 to 293

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HOUSE FINANCE COMMITTEE

April 10, 1978

1:20 p.m.

All members of the Committee were in attendance. Also in attendance were: Eric Yould, Executive Director, and Peter Argetsinger, Bond Counsel, Alaska Power Authority; Speaker Malone, Representative Gardiner, Phil Holdsworth, Southeast Conference, Jim Rhode, Administrative Assistant to Representative Cowper.

PRESENT

Chairman Cowper called the meeting to order and stated the first bill to be considered was HB 861.

HB 861

An Act making special appropriations to the Alaska Housing Finance Corporation; and providing for an effective date.

Representative Meekins advised that Alaska Housing Finance Corporation (AHFC) came in with a plan which the Subcommittee has looked over. He advised that what they are proposing is a rural AHFC program. It would have the same kind of program, where AHFC would buy the mortgages and then sell them. He stated they would have the Regional Housing Authority making the loans. Representative Meekins advised that instead of selling to the bond market, AHFC would sell these loans to the Department of Revenue.

Representative Meekins presented a proposed Finance Committee Substitute which would provide an additional \$1 million to the \$2.8 million. This \$1 million would be in a separate appropriation to allow AHFC to get the rural program started. He stated there would be an additional \$100,000 appropriated for logistical reasons to get the program organized.

Chairman Cowper asked if any statutory changes should be made. Representative Meekins stated there are several things that have to happen, and they are checking to see if AHFC has the authority. He advised there may be several changes required in the law. He stated there are two other bills which can be used as vehicles for this. He commented there have been problems getting this bill moving because of the problem in the rural areas. He stated that hopefully by the time the Bill goes through the House and Senate the problems would be taken care of.

Representative Meekins advised AHFC is in favor of this program and Commissioner Gallegher (Dept. of Revenue) doesn't have any problems with it. He stated there are some statutory changes which would be helpful, but they have all the provisions they need to do the program.

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Representative Freeman asked what the definition of "rural" was. Representative Meekins stated it is defined as anything with less than a population of 4500. There was discussion on the program.

Chairman Cowper asked what the lid on mortgages would be. Representative Meekins stated they are presently loaning \$7 million a month. He stated the \$2.8 million appropriation would allow them to average \$11 million a month. He stated the AHFC program is a good program. There was discussion on eligibility for loans. Representative Meekins stated that if there is going to be a working loan program in the bush, it will have to be subsidized. He stated that all this bill will do is alleviate the institutional barriers. He stated this rural program will take into consideration seasonal income, good and bad years (i.e. for fishing), etc. There was further discussion. Representative Meekins stated this bill is not to subsidize housing; he stated it is to provide the same kind of service in rural areas that there currently is in urban areas.

Representative Swanson stated that according to the definition, "rural" could be anything outside the city limits. He stated that according to this, the loans could end up going to areas outside of Anchorage, Juneau, etc., instead of the real "bush" areas. Representative Meekins stated this was a good point, and the definition of rural does need to be changed. He recommended a letter of intent be attached to the bill, defining what the Committee means by "rural". There was discussion. Representative Gruening stated the school foundation program definition relates to transportation facilities and accessibility by highways. He suggested it could be defined in that way.

Representative Gruening moved to report out Finance Committee Substitute to HB 861. Representative Duncan moved to amend the motion to include a letter of intent defining rural. There being no objection to the amendment it was so ordered. The letter of intent will be prepared and the Committee will review it at tomorrow's meeting. There being no objection, CSHB 861 was reported out of Committee with a "do pass" recommendation.

CSHB 861  
REPORTED  
OUT

The next bill to be considered by the Committee was HB 442.

HB 442

An Act relating to the Alaska Power Authority.

Chairman Cowper stated the bill is concerned with the Power Authority issuing revenue bonds with legislative approval. He stated there are several amendments to the bill, and a number of policy questions have to be discussed. He invited Mr. Eric Yould, Executive Director, Alaska Power Authority, to present testimony to the Committee.

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Mr. Yould advised he had been Executive Director of the APA for three months. He stated that on March 17th they presented an annual summary of what had been accomplished by APA to the Legislature. Mr. Yould presented a prepared statement (attached) referring to the Governor's amended version of HB 442 by Wohlforth & Flint (3/24/78).

Representative Swanson referred to Sec. 11 (page 5), and stated the original intent of this legislation was for water power. He asked by changing this language, if the intent was to get into windmills, etc. Mr. Yould stated that was a possibility, but they will be developing what is economically feasible.

There was discussion on Sec. 12 (page 5) which clarifies the relationship between APUC and the APA. Representative Gruening asked if the question on the relationship was one of the reasons there were problems in getting financing. Mr. Yould stated it was. Mr. Rhode advised he talked to White Weld about this, and they advised it would have an impact on the sale of bonds. He stated he also asked them about APA supplying power to local utilities, and they advised contracts have an escalation clause covering costs of fuel. He stated it is normal to provide a contract, and arbitration is set out if an agreement cannot be reached. Chairman Cowper asked who would look after the interests of the consumer. Mr. Yould stated APUC would. He stated they would not have control of APA, but will have control of what contracts the utilities can enter into. He stated APA is not taking away any powers of APUC, they are simply saying they are not subject to the same controls as the local utilities. Mr. Argetsinger advised the bond people get very nervous when any outside agency gets into control.

There was discussion on Sec. 20 (page 14). Chairman Cowper stated this Section gives the Governor authority to not approve the projects if he wishes.

There was discussion on the "grandfather" clause (Section 44.56.180(d) page 14). Chairman Cowper stated the clause is broad enough to cover anything the APA mentions in a resolution before July. He asked if there was any problem with limiting it to the specific projects (Healy and Solomon Gulch). Mr. Yould stated there was no problem with that, except they would have to be mentioned specifically in the legislation. Representative Gruening asked if the projects were urgent enough that they had to go ahead with them now. Mr. Yould stated the point is that these two projects are ready to go now. He stated if they didn't go ahead the community would have to find some other course of financing, and it would be most expensive. Chairman Cowper asked why they didn't go through the legislature with these two projects this year before this law is passed. Mr. Yould stated they could. There was discussion on the projects.

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Representative Gruening questioned the expanded authority for APA, and asked if they intended to get into nuclear power, or if this could be exempted. Mr. Yould stated the central area is the only area that could support a nuclear plant. He stated that within that area there are two options: (1) hydroelectric power; and (2) coal fire steam plant. He stated that if nuclear power is taken out, it would eliminate another option. He stated they would like to leave their options open so they would be able to look at nuclear plants. He stated they could not develop a nuclear plant within their appropriation. There was discussion on nuclear power. Chairman Cowper stated there is a policy question to be considered on whether or not nuclear power should be developed. Representative Haugen stated he could not imagine nuclear power being developed in Alaska. He asked about hydroelectric projects in Southeast.

Mr. Yould stated the \$50,000 exclusion would probably take care of the Sitka project, and they would probably not be subjected to the procedure of going through the legislature. He stated the Ketchikan project is not yet ready to proceed with construction. He stated they are still in the design stage.

Chairman Cowper stated the Committee also has received a workdraft revision of sections 16 & 17 (dated 4/5/78 - Rosenstein). Representative Gruening stated they have proposed to develop a procedure for projects that are not entirely viable on straight financing, so an alternative could be looked at. He stated that section 17 of the workdraft deals with that. He stated that section 16 deals with the power project revolving loan fund. He stated these two sections are proposed amendments to the Wohlforth & Flint bill to be used in lieu of their sections 16 and 17.

Mr. Yould stated they have no objections to these sections. He stated the committee might want to add "and principal payments" to line 16. He stated line 12 talks about "small scale energy production facilities", and he thinks this could be a little more definitive. Mr. Argetsinger stated it might be a good idea to have legislative intent indicating what "small scale" means. There was discussion. Representative Gardiner stated he feels projects above \$2 million should be going to the regular bond market. Representative Gruening stated he thinks the point is a good one, but he doesn't think it should be a monetary limitation. Chairman Cowper stated legislative intent could be included requiring the APA to come up with regulations that would raise the limit from time to time. Mr. Yould advised they have just adopted the first code of APA rules and regulations and have sent this to the Attorney General's Office. He

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stated there is time to include this in regulations. Representative Gardiner stated it probably would be better to define small scale in the size of the project, rather than a dollar figure, because the dollar figure could be outdated within a few years.

Representative Gruening stated section 17 would expand the authority of the loan fund in areas of water supply. He stated the feeling was with the APA's engineering expertise, they have the capability to monitor loans for such proposals. Mr. Yould stated he thinks section 17 is very good. He stated section (b) requires that even for projects they are able to finance on the lower money limit, that a report be made to the legislature. He stated they might not want those projects to come before the legislature since they have to come before the legislature anyway under section (c).

There was discussion on the loan fund. Chairman Cowper asked if it would be just as easy to use an annual appropriation from the Permanent Fund. Mr. Argetsinger stated that if the funds are subject to the Legislature to be appropriated, they have no guarantee. Chairman Cowper stated the question is whether a loan guarantee is the same thing as an appropriation. Speaker Malone stated this question came up under HB 595 on dedication of the permanent fund revenue. He stated he thinks legislative research stated that dedication of funds is constitutionally possible. Mr. Argetsinger stated before a person is going to accept a guarantee based on that, they will have to get an unqualified opinion. There was further discussion. Representative Gruening stated they would have to get an Alaska Supreme Court opinion on this. He stated unless that happens, this will never be resolved. There was further discussion.

Mr. Yould stated that section (b) really applies to those projects that do have have normal bonding, and should not apply to those that are healthy projects that could be financed no matter what. Mr. Argetsinger suggested that if section (c) is accepted, that section (b) have additional language included stating "for which the maximum estimated total costs is \$50 million."

Chairman Cowper stated there are additional proposed amendments in Representative Gardiner's memo of 3/23/78. He stated there is a suggestion that APUC's jurisdiction be extended TO APA, which is directly opposite of the Governor's suggested language.

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Representative Gardiner stated there is also a suggested amendment that relates to pricing policies. Mr. Yould stated these are very innovative techniques, but perhaps they should be addressed to the retail level, rather than the wholesale level. He stated he thinks that would be more appropriate. Chairman Cowper asked if that was consistent with their position on APUC jurisdiction. Mr. Yould stated it was. He stated they don't feel APA should be subjected to this.

Representative Gruening asked if under that agreement, APA could preclude APUC from bidding for bulk rates. Mr. Yould said no, they would be providing bulk power at a rate sufficient to pay off the debt. There was further discussion on this amendment.

Representative Gruening asked what would happen when the APA was operating a facility and setting its own rates, and asked if they could operate a facility and charge more than the amount needed to amortize bonds. Mr. Yould stated they couldn't do that, because they would be operating contrary to their statutory limitations, which state they are to be a nonprofit corporation. Chairman Cowper asked where it was written that APA does not engage in retail sales. Mr. Artsinger stated this is in section 12 .090(a) of the bill before the Committee. He stated they can only retail power to a bulk purchaser that is outside the area of existing utilities. Mr. Argetsinger again stated that if they are regulated by APUC, it will effect their ability to get financing and buy bonds.

There was discussion on pricing. Speaker Malone stated the bill is designed to provide for energy conservation. He said it is designed to get a pricing policy basing incremental increases in production to the incremental increases in cost. He stated he thinks it is economically justified. There was discussion on bulk rates.

Representative Gruening stated that maybe this should be written into APUC's authority and not this legislation. Representative Rhode stated he thinks the intent is good, but it shouldn't be in here.

Speaker Malone requested an opportunity to testify on the bill. He stated he didn't see the necessity for the grandfather clause under current section 180 in Chapter 278, SLA 1976. He stated there is no reason these projects couldn't be submitted to the legislature in a resolution this session.

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Speaker Malone stated that on the workdraft dated 4/5/78, Sec. 17, 180(d), he thinks the key element there begins on line 13 (through line 21). He stated that in those cases where a project is financially feasible without these forms of guarantee, they should be able to go ahead without going through the procedure. But, he stated he thinks it is useful to put in a screen so a project that is financially feasible doesn't crowd out those projects that may be necessary. He stated he thinks something should be included so this doesn't happen. Concerning nuclear energy, he suggested the law be specifically written to prohibit APA from participating in nuclear energy projects. He stated this is a new technique, and that currently there is no system for the disposal of nuclear waste.

There was brief discussion on nuclear power.

Mr. Phil Holdsworth, Southeast Conference, stated in the past they have received direct appropriations under the water resource revolving loan fund. He asked if it was the intent of this legislation to take the place of that type of activity. Chairman Cowper stated he is certain it would not be the intent to hold up any of these projects. Representative Gruening stated this legislation does not address the water resources revolving loan fund.

Chairman Cowper stated he would like to establish a subcommittee and asked them to come back with a new vehicle for the Committee's consideration. The following were appointed to the Subcommittee: Jim Duncan, Chairman; Representatives Gruening, Haugen, Freeman and Rhode. He requested the Subcommittee to report back to the full Committee on April 17 at 1:15 p.m. Chairman Cowper referred HB 906 (An Act making a special appropriation to the power project revolving loan fund; and providing for an effective date) to that Subcommittee.

HB 442  
REFERRED  
TO SUB-  
COMMITTEE

HB 906  
REFERRED  
TO SUB-  
COMMITTEE

A recess was called at 4:10 p.m. Chairman Cowper recalled the meeting to order at 4:36. He stated the Committee would continue to close out the UNIVERSITY OF ALASKA budget.

RECESS

#### UNIVERSITY CENTER-JUNEAU

U. OF A.  
JUNEAU  
DUDGET

Instruction: Representative Duncan stated he would like to add \$45.0 to conduct a feasibility study on establishing a maritime school in Southeast Alaska. He stated there is federal money available for the school. There was discussion.

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Chairman Cowper suggested this might be placed under the Postsecondary Education Commission, rather than here. There was further discussion. Representative Duncan moved to accept the following new positions: Assistant Prof. English and Humanities; Associate Professor-Fisheries; Associate Professor Business Administration; and Associate Professor Chemistry. There being no objection, it was so ordered.

The meeting adjourned at 5:05 p.m.

ADJOURN

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Tape HFC 78-73 #297 to end  
HFC 78-74 #001 to end  
HFC 78-75 #001 to 355

4/10/78

Eric P. Yould  
Executive Director  
Alaska Power Authority  
Testimony before House Finance Committee  
April 10, 1978

Mr. Chairman:

When Governor Hammond signed the enacting legislation of the Alaska Power Authority in June, 1976, he did so with concern about the Authority's accountability to the people of Alaska, and hence, he indicated that he may be submitting amendments to the Power Authority Act in the next Legislative session. In <sup>that</sup> the next session, those amendments were offered through the Rules Committee and were assigned to the House Finance Committee. Your Committee further amended the administration amendments but did not pass them out of committee. During this period of time, the Power Authority was in the process of being structured as originally intended, but it was in no position to offer its own opinions on the amendments to the Power Authority Act. Now, with the securing of legal bond counsel and financial advisors and with the recent appointment of an executive director, the Power Authority believes that amendments <sup>to</sup> ~~it~~ its enacting legislation are indeed necessary. During the early period of this legislative session the Power Authority submitted its views to the Administration which had in turn developed additional amendments of its own. After meetings between the Authority and the Administration, Governor Hammond submitted the consolidated amendments of the Authority and the Administration to the Legislature.

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<sup>With</sup>  
~~Pursuant to~~ the unanimous approval of its Board of Directors,

the Alaska Power Authority supports House Bill 442 as amended. *by the Gov's intent submission*  
Realizing, however, that the House Finance Committee may choose to further amend HB 442, I would like to take this opportunity to indicate which portions of the bill are important to the operation of the Power Authority to allow it to function as originally envisioned. While I will subsequently point out which portions in the text of HB 442 are of importance to the Power Authority, I would first like to summarize our main requirements: (1) The Power Authority should be charged with developing reasonable cost power rather than lower cost power; (2) clarification needs to be made to provide for financing of projects independent of ownership by the Authority; (3) the Authority should be allowed to develop any feasible energy technology rather than being restricted to hydroelectric and fossil fuel generation; (4) the <sup>Act</sup> Power Authority should be ~~removed~~ removed from the jurisdiction of the Alaska Public Utilities Commission; (5) the Authority should be allowed to operate as a tax exempt entity; (6) the Authority should have the jurisdiction to develop power projects for which the maximum amount of bonds is estimated not to exceed \$50,000,000 and; (7) a "grandfather" clause should be adopted which would preclude certain reporting requirements for those projects which the Power Authority decides to finance before July 1, 1978.

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Mr. Chairman, if we could now refer to the amended version of HB 442, I would like to point out some of the important sections of the bill.

Section 1 on Page 1: provides for reasonable cost power and clarifies that we may finance exclusive of ownership. The financing clarification is crucial to our being able to sell revenue bonds for those projects in which we would not hold an ownership interest.

<sup>5</sup>  
Section ~~4~~ on Page 3: would allow the Authority to develop any economically feasible technology in lieu of being limited to hydroelectric and fossil fuel fired generation.

Section 8 on Page 4: further clarifies the Authority's authority to provide financing for power projects.

<sup>11</sup>  
Section ~~10~~ on Page 5: extends the authority to conduct feasibility studies with respect to all power generation.

<sup>12</sup>  
Section ~~11~~ on Page 5 & 6: clarifies the relationship between the Alaska Public Utilities Commission (APUC) and the Alaska Power Authority. This section is important from the standpoint of marketing revenue bonds. The uncertainty in the eyes of the investor as a result of regulation <sup>of the Authority</sup> by APUC could preclude favorable project financing. *The APUC's Authority over electric utilities and its ability to regulate their contracts to purchase power continues undiminished.*

Section ~~12~~ on Page 9: provides that the Authority may make payments in lieu of taxes. Similar to Section 11 this negotiable position will clarify the investment risk and is very important

to optimum financing.

Mr. Chairman, it is my understanding that Section <sup>16</sup>15 on page 10 is being considered for further amendment, and hence, I may wish to be recognized for further testimony at a later time.

Section <sup>17</sup>16 on Page 11: Sec. 44.56.180 (a) allows the Authority discretion for the development or financing of new projects for which the maximum amount of bonds estimated is less than \$50,000,000. The Power Authority feels strongly that it needs this flexibility to be responsive to small utility needs. Furthermore there are virtually no restrictions on such existing bonding institutions as the Municipal Bond Bank and the Alaska Industrial Development Authority. Thus reporting requirements and attendant delays could force communities to other lending institutions with no apparent power development expertise. Furthermore this would allow the Authority to act when the legislature is not in session.

Section 44.56.180 (c) on Pages 13 and 14: require that load projections be consistent with a Long-Term-Plan as provided for under Section <sup>20</sup>19 of HB 442. Since the Long Term Plan has not yet been developed, I think that the Finance Committee should address the manner in which those projects which may be ready for development prior to the long range plan are to be handled.

Section 44.56.180 (d) on Page 14: provides a "grandfather" clause for those projects which the Power Authority determines to finance prior to July 1, 1978. At the present time, the Power Authority is contemplating the financing of the Healy II coal fired steam plant for Fairbanks (estimated cost <sup>up to</sup> \$300,000,000) and forty percent of the financing of the Solomon Gulch hydro-electric project <sup>NSM VALLEY</sup> (estimated Authority cost \$15,000,000). If the amendments under Section 44.56.180 (a) are adopted, the "grandfather" clause would apply only to the Healy project. It has been estimated by Mr. Bob Huffman, General Manager of Golden Valley Electrical Association, that over the life of the Healy project, Power Authority financing will save his utility customers roughly \$100,000,000 in electricity bills. ~~If we don't "grandfather" the Healy II project, then the Legislature will have to adopt a Joint Resolution enabling the Power Authority to proceed with the project.~~

Mr. Chairman, I would like to thank the Finance Committee for the opportunity to testify and would be happy to answer any questions which you may have.

Section 90

Bulk Industrial Purchaser  
or other persons authorized by law to engage in dist. of power

HOUSE FINANCE COMMITTEE

April 11, 1978

8:45 a.m.

All members of the Committee were in attendance except Representative Meekins. Also in attendance were Representatives Osterback and Malone; Jim Edenso, Deputy Commissioner of Treasury; Phil Holdsworth, Southeast Conference; Tom Singer, House Permanent Fund Committee.

PRESENT

Chairman Cowper called the meeting to order and brought HB 395 up for discussion.

HB 395

An Act relating to capital expenditures under the Community Mental Health Services Act.

Representative Buchholdt advised she wished to see the program expanded to include additional public purposes. Representative Malone replied that expansion in the public area was something originally considered in drafting the bill, adding that he disagreed with representatives from the Department concerning what should be included in the Bill. He stated he believed people in individual communities are better able to determine what is needed in their areas than the Legislature. Such needs include use of mental health facilities for other than mental health programs. Representative Buchholdt advised she would propose amending the legislation to define "public purpose" to mean other beneficial community programs.

Representative Malone directed the Committee's attention toward language included within the bill concerning capital improvement grants by the state for facilities, advising that perhaps the Committee might want to consider language to provide that a portion of the facility for which the grant is made (on the basis of space and time) be devoted to a mental health program. Chairman Cowper suggested that this consideration be covered in a letter of intent. Representative Malone stated he believed this would be the proper manner in which to proceed.

Responding to a question from Representative Freeman concerning the repealer, Representative Malone replied that the effect of the present law upon mental health programs makes it impossible (even when the program itself is viable) to use grant money for capital improvements, adding that it appeared just as reasonable to him to be able to use public funds for capital improvements as well as program operation.

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Representative Freeman questioned the need for capital expenditures in mental health programs. He expressed concern that every community would want their own "API". Representative Malone responded that the areas where capital improvements will normally be used would be where the community had obtained local funding, but were short of the cost needed for construction (like in the City of Seward). He stated the Committee may want to consider placing a limit on the number of grants allowed under this.

Representative Gruening asked if the Program would be on a matching basis. Representative Malone stated he hadn't considered this, but the idea had a lot of merit. Mr. Price, Division of Mental Health, stated that under the present statutes this would continue to be a 25/75% match. There was discussion on the match.

Chairman Cowper moved to report out a Finance Committee Substitute for HB 395 adding Sec. 3 stating "This act takes effect on July 1, 1979." He further moved that a letter of intent be included defining "public purpose". There being no objection, it was so ordered.

CSHB 395  
REPORTED  
OUT

Chairman Cowper stated the next bill up for consideration was HB 692.

HB 692

An Act requiring the election pamphlet to contain fiscal information for ballot propositions.

Representative Malone presented a proposed finance committee substitute. He again explained the purpose of the bill. He stated that since introducing the legislation he has discovered several other states that have similar laws. He stated that California is a good example of how the law works. He stated that California has incurred no additional costs due to preparing the fiscal notes. There was discussion on the bill. Representative Malone stated he doesn't know why it couldn't work in Alaska since it has worked in California.

Representative Gruening asked if there will be advance notice on the proposed fiscal statements. He stated the division may come up with an incorrect or biased statement, and it would be good to have input before the incorrect information was put in the election pamphlet. Representative Malone stated he believes that the people employed with the Division of Budget and Management are professional people and they should be able to prepare an unbiased fiscal note. He stated he doesn't object to including some sort of review process in the bill. There was discussion on a review process.

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Representative Gruening stated he would suggest language that would allow the public a chance to review the fiscal notes to be included in the committee substitute.

There was discussion on the fiscal note. Representative Malone stated the committee substitute is substantially changed from the original bill. Chairman Cowper suggested that a new fiscal note be requested from the Department, because of the changes in the bill.

Representative Duncan stated the problem with an impartial analysis is that it cannot be done because it depends upon what you assume the initiative to mean. He stated if you don't have policy answers on a lot of the initiatives you cannot get an impartial analysis. Representative Malone agreed that it is difficult to provide an impartial analysis, but he stated that other states do it.

Representative Freeman moved and asked unanimous consent that a committee substitute be reported out, adding Representative Gruening's language stating "The division shall, upon request, make available draft copies of the analysis to the public at least 30 days before final submission of the analysis for publication in the election pamphlet." There being no objection, it was so ordered.

CSHB 692  
REPORTED  
OUT

Chairman Cowper requested a new fiscal note from the Division. He requested that it be submitted to the Committee as soon as possible. He stated that if the fiscal note is above \$10,000, he would like to bring the bill back to the Committee. There was no objection.

CSHB 692  
NEW FISCAL  
NOTE  
REQUESTED

The meeting adjourned at 9:55 a.m.

ADJOURN

HOUSE FINANCE COMMITTEE

April 11, 1978

1:25 p.m.

All members of the Committee were in attendance. Also in attendance were: Representative Gardiner; Phil Holdsworth, Southeast Conference,

PRESENT

Chairman Cowper called the meeting to order and stated that HB 682 would be brought up for consideration.

HB 682

An Act relating to nonrenewable resources revenues.

Chairman Cowper stated there is a proposed Finance Committee Substitute for this bill. Representative Gardiner stated that four amendments were recommended at the Subcommittee meeting. (The Subcommittee members were Representatives Rhode, Swanson, Haugen, Gruening and Gardiner.) He advised that the substantive amendment is on page 14, section 5 of the proposed committee substitute. He stated this deals with the section stating that 50% of the funds go into the investment fund. Representative Gardiner stated the amendment states that only the interest off of that fund can be utilized.

Representative Gardiner stated the amendment on line 15 came out of earlier Committee discussions. He stated that Commerce and Economic Development was included because renewable energy is included as a renewable resource.

Representative Gardiner stated that line 29 is getting at the idea that interest off this fund is not to be used simply to hire more state employees. He stated it should be used to get into actual projects.

(Representative Gruening arrived at this time.)

Representative Gardiner advised the previous version of the bill did not state what would happen to the interest.

Chairman Cowper asked if there would be any areas of overlap with other programs, such as the revolving loan fund. Representative Gardiner stated he didn't think there is an overlap. He stated that 50% of the money is going to be making investments in income producing projects. He stated the other 50% for the investment fund will go into grant type projects. He stated there are projects that come under rehabilitation that will not have some sort of direct projects; and in that sense it could complete. He stated the other one-half is putting money into restricted areas not considered at all under existing programs.

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Representative Gardiner stated there are other amendments in the bill. He advised there was some inconsistency on whether the Department of Revenue would manage both the investment fund and any surplus funds. He advised that sections 4 and .090 state the Department is in charge.

Representative Gardiner advised that page 6, line 22 is a Department of Revenue suggested amendment. He advised the only other question that came up was what does this bill have to do with tourism renewable resources. He advised the Subcommittee tried to define this, but there was some feeling that they didn't want to include negative language in the bill stating that tourism was not to be included. He stated the Committee Report on this Bill states that tourism projects that are totally tourism oriented (i.e. hotels) would not be included, but projects that might be related to renewable resource development and have tourism involvement would be included (i.e. developing a fishing lodge). Chairman Cowper stated he thinks that tourism should not be included in renewable resources. He stated there is a tourism revolving loan fund for these types of projects, and he doesn't think these type of projects fit into the meaning of this bill.

Representative Gruening stated there might be cases where a sport fishing hatchery is being developed which they wouldn't want to preclude. He stated he thinks the Committee Report makes that clear. Chairman Cowper commented the trouble with Committee Reports is they get lost in the back of books. He stated it has been established as a precedent that the tourism industry is part of nonrenewable resources and it doesn't belong here. There was discussion.

Representative Gruening stated he thinks the language on page 13, lines 17 to 19 does not include tourism on the face of it. Representative Gardiner stated the legislative attorney feels the definition does not include tourism the way it is drafted.

Representative Haugen stated he is still concerned that we will be able to use this vehicle for hydroelectric projects. Representative Meekins stated the original concept of the bill was to go in and develop renewable resources. He stated for awhile they got away from that concept, but he thinks this bill brings it back to that concept.

Representative Haugen asked how much money the fund will have to put into energy development. Representative Gruening stated they are meeting tomorrow with the Alaska Power Authority. He stated they could consider the renewable resources fund for projects.

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Representative Haugen asked if this was going to get into complications with the dedicated fund. Representative Gruening stated he didn't think so. He stated they have a power projects revolving loan fund.

Representative Freeman referred to page 1, line 16, and asked what "lifestyle alternatives" referred to. Representative Gardiner stated this would deal with subsistence.

Representative Haugen stated he has received calls indicating concern that this bill doesn't relate to what they were talking about in the original renewable resource bill. He stated the callers don't like the idea of putting this into private enterprise. He questioned the fiscal note, and asked if there were looking at a figure of \$800,00 to fund. Representative Gruening stated the fiscal note is under one-half million dollars.

Representative Gardiner stated the way the law currently exists on the books the fund would be used to fund projects for state agencies that would have been funded anyway. He stated the way that have it in this proposal is to split the money. He stated that 50% (\$9 million) would go to helping the private sector. The other 50% goes into an investment fund so there will be money available 15 to 20 years from now. He stated as the law is now on the books, the money doesn't have to go into the investment fund.

Representative ode requested a new fiscal note. There was brief discussion.

The meeting adjourned at 2:00 p.m. for a joint session of the Houses. Chairman Cowper recalled the meeting to order at 2:58 p.m. (Representative Schaeffer was in attendance at this time.)

Representative Freeman asked what the basic difference was between what they are trying to do here and what they did under the permanent fund, Alaska Enterprises. Representative Gruening stated that Alaska Enterprises is not related to Renewable Resources. He stated they are extremely different programs. He stated that regarding Representative Freeman's concern that additional personnel would be put on board, the bill is subject to the Executive Budget Act, so it is up to the Legislature if any additional staff comes on board. Representative Gruening stated that with the Permanent Fund and Alaska Enterprises they are looking at projects that are very safe and sure. He stated there is not that constitutional restriction on renewable resources. He stated this vehicle is far more flexible.

Representative Gardiner stated this program is not to try and fund the existing fishing industry. He stated these people can go to other existing programs. He stated they are trying to get at a more narrow role that is not being filled now.

Representative Freeman asked if there was anyway to structure the program so it can be handled within the present structure, rather than setting up a new organization. Representative Gardiner stated they did look at other government agencies with this type of program, and the cost of this program is a lot less than the others. He stated that what they will be paying for here is someone's judgement on if they are getting into good projects into which to invest the money. There was brief discussion. Representative Haugen commented that he thinks all the things they are talking about now, could get funding from other programs (Sea grants, etc.). Representative Haugen stated he didn't like to see this program getting into research, which he believes the University could do.

Mr. Barker presented a revised fiscal note in the amount of \$555.6. There was discussion on the note. Mr. Barker advised the consultant fees included \$50.0 for safekeeping of securities, audits, etc. He advised the rest was for economic studies. Representative Gruening stated these people would work directly in the field.

Representative Swanson moved to amend the Committee Substitute to delete "lifestyle alternatives for its citizens". In favor of the motion were Representatives Swanson, Haugen, Rhode and Freeman. All others opposed. The motion failed.

Representative Meekins moved that finance committee substitute for HB 682 be reported out. Representative Haugen objected. He stated he objected to page 2, item (2), and stated this is not a fact. He stated that under item (d) on the same page, he doesn't think the state should be involved. He stated that under item (3) on the same page, he maintains the private sector can do these things without the state's help. Chairman Cowper commented the University doesn't do research unless they have a contract to do it. He stated renewable resources might contract with the University to do research. He commented that Representative Haugen's objections seem to go towards the approach of the whole bill. He stated it seems to him they aren't doing anything in this bill that isn't done in other states.

Representative Meekins stated there is no attempt in the bill to interfere with private enterprise. He stated the intent of the bill is to compliment them. He stated they would only get into areas in which private enterprise is not involved.

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Representative Haugen stated he still thinks these funds are available from other areas and he has serious reservations about the bill; however, he stated he will removed his objections, in order to not hold up the bill.

There being no further objection to the motion to report the committee substitute out, it was so ordered. CSHB 682 was reported out with a "do pass" recommendation.

CSHB 682  
REPORTED  
OUT

Chairman Cowper moved that the fiscal note in the amount of \$555.6 million be approved. Representative Swanson objected, stating it is too much. The question was called for. Representatives Freeman, Swanson, Rhode and Haugen opposed. The motion carried.

NEW FISCAL  
NOTE  
REPORTED  
OUT

Representative Gruening moved that the Committee Report explaining the bill be approved and reported out. There was brief discussion. There being no objection, it was so ordered.

COMMITTEE  
REPORT  
APPROVED

Representative Meekins stated he has prepared the letter of intent for CSHB 861 (An Act making special appropriations to the Alaska Housing Finance Corporation; and providing for an effective date.) He stated that in the definition of "rural" he did not include the ferry system as a highway because there are areas in southeast which would be considered rural. There was brief discussion. Chairman Cowper moved that the letter of intent for CSHB 861 be reported out. There being no objection, it was so ordered.

CSHB 861  
LETTER OF  
INTENT

Chairman Cowper stated discussion would continue on the budget of the UNIVERSITY OF ALASKA.

U. OF A.  
BUDGET  
CLOSE-OUTS

University of Alaska, Juneau

Instruction: There was further discussion on the maritime school study. Chairman Cowper recommended adding this under the Postsecondary Education Commission in the Free Conference Committee on the Budget. Representative Duncan moved that \$50.0 be added into this budget for the feasibility study on establishing and operating a maritime program and school in Alaska, with the understanding that this item would be moved to PSEC in Free Conference. There being no objection, it was so ordered.

UAJ

Support Services-Public: Mr. Scott advised that this BRU contains funds for summer sessions, and he would suggest that this portion be moved to Instruction in order that it be consistant with other budgets. Chairman Cowper so moved. There being no objection, it was so ordered. Under Support Services-Public, Chairman Cowper moved the request figure of \$464.5, less the amount to be taken out for summer sessions. There being no objection, it was so ordered.

Support Services-Academic: Representative Duncan moved to accept the column 13 figure (\$322.4). There being no objection, it was so ordered.

Support Services-Student: Mr. Scott advised the column 6 figure would be \$206.5 because they took out the federal funds. There was brief discussion. Chairman Cowper moved to accept that figure. There being no objection, it was so ordered.

Support Services-Admin. & Plant: Chairman Cowper moved to accept the column 6 figure (\$1484.6). There being no objection, it was so ordered.

University of Alaska, Anchorage:

UAA

Chairman Cowper advised that two components in this area were previously left open.

Support Services-Student: Chairman Cowper moved to accept the column 6 figure (\$984.0) minus the placement office director and financial aid secretary, and adding \$300,000 adjustment in federal grants; with general funds being \$162.8. There being no objection, it was so ordered.

Support Services-Admin. & Plant : Chairman Cowper moved to accept the column 6 figure (\$5318.2) minus the registration clerk centrex telephone operators, accepting the budget analyst and three accounting positions; and, adding \$1058.2 for the mega-structure. Mr. Scott presented a hand-out concerning the mega-structure. There was discussion on the positions requested. Chairman Cowper moved to accept 10 of the positions requested, including 2 public safety officers, and positions #10, 13, 15, and 16 of the hand-out, except on positions #16 accepting only 3 of the 14 custodians requested. There being no objection, it was so ordered. Chairman Cowper moved to hold the other figures open (except Personal Services) to find out what the contractual figure was. There being no objection, it was so ordered. This component was held OPEN.

Community Colleges - Statewide

COMMUNITY  
COLLEGES

Administration: Mr. Scott advised that positions #1 through 6 on the short-form were already filled. There was discussion on the positions and travel. Mr. Scott advised this travel is for all the community colleges for recruitment and relocation expenses. He stated that previously it was under "fall-out" for staff benefits. Chairman Cowper moved to accept the column 13 figure (\$473.8), plus the first six positions already filled, plus #7 position, and \$125.0 for travel and \$44.3 for contractual. There being no objection, it was so ordered.

Community College Contract: There was discussion on the figures. Chairman Cowper moved to accept column #7 (\$1090.7) less items #9 and #10 in the workbook (medical and life insurance) which are apparently illegal. The total figures is \$984.4. There being no objection, it was so ordered.

CC Contract - Salary Arbitration: Chairman Cowper moved to accept the request figure of \$644.6. There being no objection, it was so ordered.

Community College - Anchorage

ACC

Instruction: Chairman Cowper moved to accept the column #13 figure (\$7461.7) plus the salary step increment of \$182.9. There was discussion on the figures and positions. Representative Gruening amended the motion to add the Labor Pool Instruction position, and the teacher, Aviation Maintenance position. There being no objection, it was so ordered.

Student Services-Academic: Chairman Cowper moved to accept the column #6 figure (\$1259.2). There being no objection, it was so ordered.

Support Services - Public: Representative Buchholdt moved to add a total figure of \$38.0 (\$31.7 personal services, \$1.8 travel, \$1.0 contractual, .9 Commodities, 1.6 equipment, \$1.0 miscellaneous) for an out-reach education specialist. She stated the position was needed. There was discussion. Chairman Cowper objected. The question was called for. Representatives Gruening, Duncan, Buchholdt, Guy, Schaeffer and Swanson were in favor. The motion carried. Chairman Cowper suggested legislative intent be included explaining what the additional funds were for. There being no objection, it was so ordered. Chairman Cowper moved to accept the column #6 figure (\$321.2) plus \$38.0. There being no objection, it was so ordered.

Support Services - Student: Chairman Cowper moved to accept the column #6 figure (\$394.5). There being no objection, it was so ordered.

Community College - Juneau/Douglas

JDCC

Instruction: After brief discussion, Chairman Cowper moved to accept the Column #13 figure (\$1260.4), plus \$18.1 for salary step increments, and numbers 9, 10, 13, 14 & 15 in the workbook. There being no objection, it was so ordered.

Support Services-Academic: Chairman Cowper moved to accept the column #6 figure (\$138.8). There being no objection, it was so ordered.