

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2697

HOUSE FINANCE COMMITTEE

March 21, 1979

9:05 a.m.

All members of the Committee were in attendance except Representatives McKinnon, Duncan and Schaeffer. Also present was Dave Scott, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and said the Committee would receive an over-view of the EDUCATION category.

OVERVIEW
OF
EDUCATION
CATEGORY

Mr. Scott presented guidelines that could be used in looking over the Education budget (see attachment #1). He stated these guidelines are different than the 15% reduction the Committee used in considering other budgets. He said it does result in a \$15.2 million reduction from the Governor's budget.

Chairman Meekins commented that in the Education category he doesn't think the committee would be concerned with reducing federal funds.

Income listed on the guideline attachment was discussed. There was discussion on a local match for Education Telecommunications for Alaska (ETA). Mr. Scott said last year the Legislature was concerned that they not get stuck with an expensive program. He said it was designed to be an efficiency program and the districts were to be involved from the beginning, rather than waiting the full four years for federal funds to run out.

Federal funds and requirements were briefly discussed. Mr. Scott commented that most federal funds in this category go directly to the districts rather than to state bureaucracy.

Mr. Scott presented a chart indicating year end balances of school districts in the State (see attachment #2). He stated it shows unrestricted funds balances of school districts. He commented the year end surplus income in 1977 was \$19 million, and in 1978 it was \$25 million. He advised that school district money does not lapse.

Representative Montgomery advised that on the first page complete support comes from the state, but on the second page some of the funds come from local taxes paid. There was discussion on the source of funding. For REAA's the funds come from foundation programs, in-lieu of taxes program; some federal funding, and perhaps from the regions. Cities and boroughs receive funding from foundation program, federal funding and local taxes.

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Mr. Scott stated it appears the school districts have that much more money than they expended last year. He suggested taking one-half of that amount as a beginning base for funding this year. Representative Montgomery stated that perhaps this could be done with the REAA's, but not with the city/borough school districts. He advised that in Anchorage's case, the money is maintained by the school district, and is shown as their starting figure when they are preparing the budget. He stated they can then ask for that much less from the local tax base. He stated that schools that receive PL874 funds don't always know what dollar amount they will receive until they get it. He said a reasonable percentage fluctuation represents good fiscal planning.

Representative Montgomery said he didn't object to Mr. Scott's philosophy, but he didn't think it would be appropriate to take funds from the school districts because local taxpayers pay here. There was further discussion.

Mr. Scott presented a cut sheet showing a comparison between the Governor's figures, and his recommendation for the House figures. There was brief discussion.

Representative Montgomery requested an income source by district from REAA's if it is available. Mr. Scott will check into this and provide.

The meeting adjourned at 9:50 a.m.

ADJOURN

Tape HFC 79-82 Side 2 #474 to end
HFC 79-83 Side 1 #001 to 411

HOUSE BUDGET DEVELOPMENT GUIDELINES

EDUCATION CATEGORY

BASIC GUIDE

Expenditures

- Personal Services - No new GF positions, eliminate long-term vacancies, revise salary savings rate
- Travel - FY 79 GF less 10% or Gov. GF less 25%, whichever is less
- Contractual - FY 79 GF
- Commodities - FY 79 GF
- Equipment - No GF
- Grants - No guidelines
- Miscellaneous - No GF

Income

- School Foundation offset by district FY 78 surplus
- Project ETA matching
- Community Schools matching
- Restricted/Federal Funds increase

SUGGESTED EXCEPTIONS TO HOUSE GUIDELINES
EDUCATION CATEGORY

EXPENDITURES

Personal Services

- Approve Arts Council Native Arts Director - 1/2 GF
- Approve Curator/Conservator in Museum budget
- Approve Librarian II position in Health Sciences Library budget
- Approve positions 1, 2, 3 in Public Broadcasting budget funded by FY 79 base transfers
- Delete temporary/part-time positions in Post-Secondary Commission - General Administration
- Delete temporary/part-time positions in Post Secondary Commission - Financial Aids Administration

Travel

- Funds for Conservator position travel
- Retain Governor's figures, all Vocational Rehabilitation budgets

Contractual

- Fund Historical Commission for History Textbook program
- Fund Historical Commission for publications
- Approve funding for Basic Skills Assessment System in Admin-Planning Info & Research
- Retain Governor's figures, all Vocational Rehabilitation budgets

Miscellaneous

- Retain Governor's figures, all Vocational Rehabilitation budgets

ALL OF THE ABOVE ARE INCLUDED IN THE SHORT FORM PRESENTATION

RURAL EDUCATION ATTENDANCE AREAS EXPENDITURES SCHOOL OPERATING FUND

FY-78 Audited

REAA	Regular Instr.	Vocational Education	Special Education	Corresp.	Support Services Pupil	Support Services Instr.	General Admin.	Operation & Maintenance	Pupil Trans.	Boarding Home	Other Non-Prog.	Fund Balance (GF)	FY-77 Fund Bal. GF
Adek	995,500	107,334	21,264	---	32,051	43,901	439,270	365,314	80,209		44,337	313,258	171,308
Alaska Central	638,303	122,655	66,596	---	147	16,872	287,245	376,722	163,567		39,135	508,714*	280,207
Alaska Gateway	755,368	59,058	108,175	64,119	1,033	55,119	364,643	397,755	163,454	482	51,659	170,152	103,390
Alutian Chain	552,521	30,580	121,688	16,700	11,423	91,038	439,877	280,890	---	---	38,497	206,142	44,503
Annette Is.	442,272	83,789	81,407	---	61,458	8,674	170,010	248,867	4,446	---	33,337	219,452	110,870
Bering Strait	727,943	146,126	124,868	11,031	---	57,106	642,168	951,767	21,080	308,694	152,814	355,519	43,284
Chatham	278,818	53,451	46,409	---	2,625	---	196,678	189,528	---	---	6,836	268,956	210,011
Chugach	124,736		25,529	---	1,498	---	61,561	63,096	---	---	6,971	176,909	115,537
Copper River	1,165,105	144,489	112,797	168,825	99,029	4,679	456,658	636,231	298,548	9,404	5,800	101,661	134,226
Delta/Greely	1,133,954	167,441	138,853	106,215	77,299	108,151	299,448	604,126	273,097		61,500	388,389	192,411
Iditarod	627,712	133,607	79,042	37,871	15,420	152,314	264,493	481,135		25,065	173,272	245,734	255,965
Kuspuk	857,694	48,845	81,833	65,292	---	27,791	420,597	620,886	16,658	5,058	66,038	340,245	141,990
Lower Kuskokwim	2,168,713	309,409	468,586		665,297	441,424	1,023,721	2,038,109	52,954		202,233	857,798	394,790
Lower Yukon	1,310,978	195,584	225,058	148	653	44,184	414,521	1,446,129	4,520	116,744	420,766	1,136,441	418,839
Northwest Arc	2,724,554	407,493	399,192	22,243	78,511	263,440	1,154,759	2,744,593	9,480	100,453	454,590	19,794	627,355
Pribilof	321,174	59,373	94,973	---	---	---	166,140	103,406			62,265	549,207	297,091
Southeast Is.	959,029	48,221	115,069	190,333	23,872	49,684	108,243	384,945	18,071		---	206,823	202,874
Southwest	1,004,328	196,959	174,208	75,163	---	30,111	485,215	1,046,261			362,324	462,167	185,862
Tako & Pen.	855,320	104,586	82,960	10,571	30,760	94,171	417,671	865,074	17,187		112,952	474,854	251,945
Yukon Flats	640,064	101,608	75,920	46,339	20,142	654	283,834	532,123		2,421	164,013	85,372	48,511
Yukon-Koyukuk	1,211,738	243,804	170,469	210,494	77,194	64,198	581,200	1,405,649		124,554	97,443	197,958	75,019
TOTALS	19,505,834	2,764,492	2,814,898	1,025,344	1,198,412	1,554,311	0,767,152	15,792,616	1,123,371	692,875	2,586,832	7,479,565	4,311,028

CITY & BOROUGH SCHOOL DISTRICT EXPENDITURES

FY-78 Audited

	Regular Instruction	Vocational Education	Special Education	Corres- pondence	Support Services Pupil	Support Services Instr.	General Admin.	Operation & Managmt.	Pupil Trans.	Boarding Home	Other Non-Prog.	Fund Balance FY-78	Fund Balance FY-77
Anchorage	46,916,203	3,146,750	4,785,094		1,461,107	1,310,980	10,452,233	14,327,599	4,990,316		1,190,197	10,764,926	10,145,331
Bristol Bay	383,469	103,260	66,085		40,426	46,004	195,784	252,163	73,024		64,237	159,622	240,497
Cordova	661,774	139,049	172,278		69,840	106,805	304,220	258,733	18,918		9,238	(41,330)	1,630
Craig	223,950	58,205	54,682		1,920	42,537	118,030	80,549	23,147		28,111	219,771	131,627
Dillingham	625,192	181,427	159,924		66,371	43,007	357,520	291,264	68,954		60,649	415,858	202,611
Fairbanks	10,680,671	1,203,698	1,775,702	110,149	820,814	902,697	2,796,409	5,575,082	3,369,353	26,500		-0-	-0-
Galena	216,391	81,774	56,051		43,555	13,826	111,272	152,642	14,229		70,072	450,905	249,054
Haines	654,773	82,465	139,044		46,169	14,307	172,350	217,341	65,974		15,499	350,397	160,474
Hoonah	307,312	101,985	88,028		35,771	43,947	147,560	150,152			57,570	211,268	212,276
Hydaburg	139,804	49,880	35,164		238	---	89,783	73,694			54,420	136,082	50,521
Juneau	5,533,157	577,082	646,917	40,324	527,565	439,445	1,659,893	1,669,457	610,065		128,219	400,461	559,543
Keke	255,439	96,201	81,779		7,524	7,663	160,659	121,590	12,020		70,515	220,544	210,533
Kenai	7,324,371	834,480	907,528	201,381	561,366	619,782	1,871,133	1,902,968	1,844,294	45,896	502,165	1,401,921	801,122
Ketchikan	2,919,636	460,944	424,845	68,809	455,090	256,809	554,097	1,192,567	380,605		237,746	109,645	109,645
King Cove	211,276	64,205	41,814		15,732	146,767	88,458	88,458	253	4,004	35,848	306,429	254,505
Kiawock	55,023	---	17,135		5,831	3,105	61,852	33,217			22,644	169,942	26,469
Kodiak	2,675,015	298,053	452,457	81,518	188,924	253,636	752,180	1,148,482	164,292	110,540	370,832	---	---
Mat-Su	4,808,288	682,903	384,351	263,985	416,040	378,750	1,502,961	1,978,965	1,784,714		19,641	5,400	322,399
Nenana	269,297	162,256	83,348	---	23,302	14,084	154,545	177,304	26,365		76,261	139,405	150,541
Nome	1,326,242	197,752	259,997		101,813	1,075	424,772	977,463	71,588		131,520	412,181	244,502
North Slope	2,846,324	713,764	644,011	3,538	377,875	91,538	1,962,592	3,533,431	260,828		934,603	520,173	230,703
Pelican	90,974	15,783			522	2,133	24,173	31,716			2,025	31,071	37,551
Petersburg	745,227	103,770	161,227		37,900	43,455	189,221	207,630	55,127		109,106	80,998	29,543
Sitka	2,317,255	246,168	278,437	16,802	124,353	214,455	533,082	702,865	174,838		322,665	571,041	400,213
Skagway	332,216	55,225	50,402		15,358	14,006	75,850	69,328	1,119		22,343	165,797	140,265
St. Mary's	125,549	104,591	175,364			17,447	140,508	148,758			64,867	242,427	79,136
Unalaska	315,310	73,141	72,929		3,387	40,673	108,441	112,028	65,833	6,392	40,835	83,656	65,637
Valdez	1,157,845	211,985	437,557		13,573	203,299	525,354	983,294	135,868		99,399	454,109	672,318
Wrangell	774,885	117,183	117,837		46,025	40,412	206,035	155,649	47,789		20,875	59,770	126,051
Yakutat	215,215	79,675	74,456				95,099	87,222	29,974		35,137	6,717	(26,754)
TOTALS	95,143,148	10,243,934	12,644,443	791,586	5,493,659	5,181,609	25,904,375	36,789,711	14,269,487	193,332	4,790,239	18,094,616	15,854,777

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

18:10

3/20/79

* * * * * EDUCATION * * * * *

SHORT
FORM
PAGE

BUDGET COMPONENT	FY78 ACT	FY79 ADJ.	REQUEST	GOVERNOR	F.C.C.	F.C.C. - GOVERNOR COMPARISON	
2 OFFICE OF THE GOVERNOR							
ALASKA HISTORICAL COMMISSION	151.2	192.4	382.0	207.0	344.2	137.2	66.2%
ALASKA ARTS COUNCIL							
ADMINISTRATION AND SUPPORT	258.9	240.0	317.4	250.0	254.0	4.0	1.5%
GRANTS	1022.3	1069.0	1727.6	1133.0	1133.0		
*** PROGRAM TOTAL ***	1321.2	1309.0	2045.0	1383.0	1387.0	4.0	0.2%
*** AGENCY TOTAL ***	1472.4	1501.4	2427.0	1590.0	1731.2	141.2	8.8%
DEPARTMENT OF ADMINISTRATION							
TEACHER RETIREMENT							
REGULAR TKS STATE	14348.3	15089.1	17959.8	17187.4	16426.6	-760.8	-4.3%
DEPARTMENT OF EDUCATION							
FINANCIAL SUPPORT PROGRAMS							
PUPIL TRANSPORTATION-PUBLIC	14107.5	17210.6	23500.0	19900.0	20269.3	369.3	1.8%
PUPIL TRANSPORTATION-PRIVATE							
DEPT RETIREMENT-LOCAL	11418.4	22273.3	36971.3	25011.1	24081.0	-930.1	-3.6%
STUDENT LUNCH PROGRAM	2353.2	2700.0	2932.3	2700.0	2700.0		
FINE ARTS CAMPS			25.0				
TOBACCO TAX DISTRIBUTION	2104.4	2003.2	2003.2	2003.2	2003.2		
LOCAL FORMULA-NEAA	7434.0	8973.7	9542.2	6742.2	5050.4	-1691.8	-25.0%
SOS ASHA PAYMENTS	255.2	286.0	286.0	286.0	286.0		
BILINGUAL FUND	676.4	724.5	767.9	496.3		-496.3	-100.0%
REGIONAL RESOURCE CENTERS	345.9	350.0	350.0	350.0	200.0	-150.0	-42.8%
FEDERAL PROGRAMS	9497.4	11488.5	11488.5	11488.5	11488.5		
TUITION STUDENTS	3585.6	3944.4	4181.1	4181.1	2900.0	-281.1	-6.6%
BOARDING HOME GRANTS	2722.8	2886.2	2886.2	2736.2	1900.0	-836.2	-30.5%
STATE CONTRACT PROGRAMS	15787.2	17084.2	20220.6	19584.1	17700.0	-1884.1	-9.5%
RSVP		560.0	700.0	700.0	700.0		
*** PROGRAM TOTAL ***	70332.0	91084.6	117854.3	96178.7	90278.4	-5900.3	-6.0%
ADMINISTRATION & PROGRAM SUPPO							
ADMINISTRATIVE SERVICES	592.6	701.2	874.0	874.0	735.2	-138.8	-15.8%
FINANCIAL ACCOUNTING & AUDIT	387.1	387.5	402.3	402.3	387.8	-14.5	-3.5%
CENTRAL OVERHEAD	666.1	600.3	823.2	817.3	740.2	-77.1	-9.2%
TERMINAL LEAVE			86.1				
*** PROGRAM TOTAL ***	1645.8	1689.0	2187.6	2093.6	1863.2	-230.4	-11.0%
FOUNDATION PROGRAM COMPONENTS							
STUDENT AID SUPPORT	133509.0	153215.0	171134.3	167442.4	158983.8	-6458.6	-5.0%
SPECIAL EDUCATION ADJUSTMENTS	17048.9	20000.0	22813.0	22200.9	22032.1	-168.8	-0.7%
VOCATIONAL EDUC. ADJUSTMENTS	12064.6	13600.0	15478.2	15202.3	14977.4	-224.9	-1.5%
BIA TRANSFER UNITS			1000.0	200.0		-200.0	-100.0%
CORRESPONDENCE STUDY-DOE	578.0	941.0	1496.0	1496.0	1145.1	-350.9	-23.5%
CORRESPONDENCE STUDY-LOCAL	3176.0	3121.4	3553.0	3468.0	3437.2	-30.8	-0.9%
COMMUNITY SCHOOLS ADJUSTMENTS	1022.8	1212.7	1636.0	1174.9	1500.0	325.1	27.6%
BILINGUAL PROGRAM ADJUSTMENT		5282.1	5912.1	5786.5	5808.2	21.7	0.3%
*** PROGRAM TOTAL ***	167759.2	197372.2	223022.6	216971.0	207893.8	-9087.2	-4.1%
MUSEUMS	643.0	547.5	839.6	553.3	586.7	33.4	6.0%
STATE LIBRARY							
REGULAR OPERATIONS	1610.3	1696.2	2086.8	1735.0	1639.4	-95.6	-5.5%

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Attachment #3

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

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3/20/79

* * * * * EDUCATION * * * * *

BUDGET COMPONENT	FY78 ACT	FY79 ADJ	REQUEST	GOVERNOR	F.C.C.	F.C.C. - GOVERNOR COMPARISON
ANCHORAGE MEDIA CENTER	430.1	505.7	570.4	504.4	484.4	-20.0
AK HEALTH SCI LIBRAR	113.6	121.6	211.5	150.6	143.5	-15.1
BLUE BOOK		36.0	9.0	9.0		
*** PROGRAM TOTAL ***	2154.0	2353.5	2886.7	2407.0	2276.3	-130.7
PUBLIC BROADCASTING COMMISSION	2461.6	2790.3	4603.3	2930.8	2907.3	-23.5
PROGRAM EVALUATION						
K-12 EDUCATION PROGRAM	633.3	684.3	787.3	787.3	663.1	-124.2
CAREER & VOCATIONAL EDUCATION	459.3	642.9	657.1	657.1	619.5	-37.6
SPECIAL EDUCATION	248.5	276.0	400.3	344.6	310.8	-33.8
SUPPLEMENTAL PROGRAMS	723.8	747.0	883.0	883.0		
*** PROGRAM TOTAL ***	2064.9	2350.2	2727.7	2672.0	2476.4	-195.6
PROFESSIONAL TEACHING PRACTICE	63.1	70.0	108.5	108.5	77.0	-31.5
EXECUTIVE ADMINISTRATION						
COMMISSIONER	527.2	775.7	712.9	833.0	666.4	-166.6
PLANNING INFO & RESEARCH	565.4	597.5	925.0	714.3	675.9	-38.4
BUREAU & COMMISSIONS	158.7	236.0	351.8	187.2	160.9	-26.3
*** PROGRAM TOTAL ***	1251.5	1609.2	1989.7	1734.5	1503.2	-231.3
PROJECT ETA	553.8	2032.1	1874.7	1874.0	1874.0	
DEPARTMENT OF EDUCATION						
CROSS CULTURAL EDUCATION	419.5	388.1	547.8	422.6	337.6	-85.2
STUDENT FINANCIAL AID						
SCHOLARSHIP LOAN PROGRAM	4420.0	5000.0	7500.0	5800.0	7500.0	1700.0
SCHOLAR LOAN PROG-FF			9180.0			
RICHER-STUDENT EXCHANGE PROG	695.1	715.7	990.1	767.8	704.9	-62.9
STUDENT INCENTIVE GRANT PROG			152.0	152.0	249.8	88.8
*** PROGRAM TOTAL ***	5115.1	5867.7	17999.1	6719.8	8445.7	1725.9
POST SECONDARY EDUCATION COMM.						
GENERAL ADMINISTRATION	520.2	546.7	687.3	634.9	608.7	-26.2
STUDENT FIN. AID ADMIN.	125.5	496.2	648.3	568.6	536.0	-32.6
CENTER FOR STAFF DEVELOPMENT	809.2					
*** PROGRAM TOTAL ***	1465.3	1042.9	1335.6	1203.5	1144.7	-58.8
ADULT EDUC & VOC TRAINING						
ADULT BASIC EDUCATION	1044.0	1158.3	1348.1	1173.1	1173.1	
FIRE SERVICE TRAINING	62.0	72.1	176.4	91.4	91.4	
ADULT VOCATIONAL EDUCATION	165.1	103.7	234.9	109.9	109.9	
COMMUNITY SCHOOLS PLANNING			160.6	96.6		
CETA VOC. EC. GRANTS	1032.2	200.0	212.0	212.0	212.0	
GRANTS ADMIN.		615.6	727.7	615.4	560.5	-54.9
*** PROGRAM TOTAL ***	2303.3	2149.7	2659.7	2298.4	2145.9	-151.5
SKILL CENTER						
SKILL CENTER	2218.4	2577.3	3344.5	2876.6	2634.6	-241.8
VOCAT IONAL REHABILITATION						
COUNSELING & PLACEMENT	1554.5	1966.2	2134.5	2123.6	2098.3	-25.3
SERVICES TO CLIENTS	1737.9	1784.9	1977.8	1977.8	2127.8	150.0
ADMINISTRATION	508.7	511.2	560.3	551.2	551.2	
SPECIALIZED FACILITIES	108.7	115.9	271.3	271.3	376.9	105.6
STATE SUPPORTED FAC	700.0	50.0				
DISABILITY DETERMINATION	454.6	604.5	778.8	742.1	742.1	
EMPLOYMENT OF THE HANDICAPPED	50.8	54.9	58.1	58.1	58.1	
INDEP. LIVING REHABILITATION					555.0	555.0

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STATE OF ALASKA -- OPERATING BUDGET SUMMARY

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3/20/79

* * * * * EDUCATION * * * * *

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FORM
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BUDGET COMPONENT

*** PROGRAM TOTAL ***

*** AGENCY TOTAL ***

*** FUNDING IMBALANCE

FY78 ACT

FY79 ADJ

REQUEST

GOVERNOR

F.C.C.

F.C.C. - GOVERNOR
COMPARISON

5119.5

5068.0

5780.8

5724.1

6499.4

775.3

13.5%

265610.1

318992.3

389962.2

346766.6

332905.4

-13863.2

-4.0%

-.4

STATE BOARD COMMITTEE

DEPT. SERVICE

GENERAL EDUCATION

LIBRARIES

*** PROGRAM TOTAL ***

9527.9

12730.7

17387.6

16426.6

16426.6

426.7

505.0

862.0

599.0

599.0

10347.6

13235.7

18249.6

17025.6

17025.6

***** TOTAL EXPENDITURES

291778.4

348916.5

426598.6

382571.6

368088.8

-14482.8

-3.7%

***** FUNDING

FED. RECEIPT

GENERAL FUND

OTHER FUNDS

*** FUNDING IMBALANCE

18670.6

22775.4

22561.8

22983.1

23836.0

854.9

3.6%

247866.4

301402.4

378136.7

333041.5

318593.9

-15247.6

-4.5%

25041.2

24640.7

27900.1

25746.6

25656.9

-89.7

-0.2%

-.4

HOUSE FINANCE COMMITTEE
March 21, 1979
3:25 p.m.

All members of the Committee were in attendance except Representatives Moss and Freeman. (Rep. Freeman was attending a Transportation Subcommittee meeting.) Rep. Duncan arrived later in the meeting. Also present were: Commissioner Marshall Lind, Mr. Bill Thompson, and Marilu Madden, Department of Education; Members of the State Board of Education; and Dave Scott, Legislative Finance.

PRESENT

Chairman Meekins called the meeting to order and stated the Committee would receive testimony from the Department of Education, on the EDUCATION budget category.

EDUCATION
CATEGORY
TESTIMONY
FROM
DEPT. OF
EDUCATION

TAPE #

DESCRIPTION

HFC 79-83 Side 1

- 412 Commissioner Lind introduced members of the State Board of Education.
- 454 Lind gave over-view comments on the Education budget. Advised large amounts in budget deal with the financial support program, which is funded on a formula basis.
- 474 Financial Support Programs, Pupil Transportation-Public: Thompson advised they are reimbursing public transportation costs on the basis of the FY 78 actual plus 6%. The \$19.9 million is an estimate of what the actual '79 costs will be. Estimates that \$21 million will be needed to fund at 100%.
- 508 Rogers asked if they provided transportation for private school students. Thompson said Attorney General provided an opinion last year, at request of Senate Finance Committee, that providing transportation to private school students was unconstitutional; therefore, Governor vetoed that amount from the budget last year. Rogers requested copy of AG opinion. He asked how much would have been requested for private transportation. Thompson said \$380,000.
- 570 Financial Support Programs, Debt Retirement-Local: Thompson advised their request was based on providing \$7 million advance funding, but neither request for advance funding met the requirements, so that money was taken out by the Governor's figure. The Governor is funding at 80% of reimbursable costs. Discussion on percentage of funding.

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TAPE #DESCRIPTION

- 685 Financial Support Programs, Student Lunch Program:
Thompson advised their original request was in error in requesting general funds. The Governor's figure allowed only the federal funds, which is correct.
- 710 Fine Arts Camps: Lind said they are not really sure what this is for. The grant had previously been funded through the Fine Arts Council.
- 729 Financial Support Programs, Tobacco Tax Distribution:
Thompson advised the amount is provided by the Department of Revenue as to what they anticipate receiving. The amount is distributed to local communities.
- 755 Financial Support Programs, Local Formula-REAA:
Thompson advised AS 14.08 lays out formula for funding.

HFC 79-83 Side 2

- 001 Continuation of discussion on REAA funding. Thompson advised the Governor's intent is to short-fund REAA's by about \$2 million. They are being funded at approximately the 65% level.
- 67 Financial Support Programs, SOS ASHA Payments:
Thompson advised this amount is billed to them by Department of Administration for school building and/or teacher housing.

(Duncan arrived.)
- 112 Financial Support Programs, Bilingual Fund: Thompson advised last year the Legislature amended the Act to include funding of bilingual programs. He explained program. He said the operating costs have been taken out of this funding. They believe teacher in-service training development should continue to be funded here. He said the Governor's figure reflects only the in-service training amount. There was discussion on the foundation program. Lind said the Bilingual funds are still included here because the program is so new to many schools that they need "front end" money to get geared up. He said the \$5.2 million in the foundation program for Bilingual programs cannot be used for this purpose.
- 280 Scott said he will be recommending to the Committee that they zero out this component. Further discussion on the program. Lind strongly recommended to the Committee that they not zero this out. He thinks it is essential that districts be given this money for the first few years to help them get underway.

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TAPE #DESCRIPTION

- 455 McKinnon asked how many non-Alaskan native bilingual programs there were. Madden will provide that information.
- 487 Financial Support Programs, Regional Resource Centers: Thompson said there are five operating regional resource centers. Scott referred members to chart at front of short form which shows regional resource center revenues. Discussion on Centers.
- 566 Financial Support Programs, Federal Programs: Program briefly explained. Rogers asked how much was spent to administer the program. Madden advised the administration is under Program Evaluation, Supplemental Programs.
- 577 Financial Support Programs, Tuition Students: Thompson advised this is for students living outside their own district and those who are wards of the State. Further discussion. Scott advised that in some states this cost is picked up by districts rather than the State. Thompson advised that in some cases there is no district in Alaska. Thompson advised their revised estimate for this budget is \$3.99 million.
- 628 Financial Support Programs, Boarding Home Grants: Thompson advised they have submitted a revision for this budget for a reduction to \$1898.0. Explained the reason for the reduction is a change in the Bethel program. The Bethel people told them they anticipate the costs for their program next year will have a substantial drop in students.
- 663 Financial Support Programs, State Contract Programs: Scott referred Committee members to a chart in the front of the short form. Thompson said the largest amount is for city/boroughs with military bases. He explained. Discussion on the Nome Beltz contracts. Thompson said costs will be determined within the next few weeks, and it could be as much as \$100,000. Schaeffer requested he be kept informed.
- 700 Scott advised this is the first time general fund monies have been included here. This is due to increased costs.
- 753 The meeting adjourned at 4:35 p.m. ADJOURN

Tape HFC 79-88 Side 1 #412 to end
Side 2 #001 to 753

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EDUCATION CATEGORY
FY 80 SHORTFORM
AREAS OF LEGISLATIVE INTEREST IN PRIOR SESSIONS

UNIT	ITEM(s)	SHORTFORM PAGE
HISTORICAL COMMISSION	1-History Textbook Project	2
	2-Space Rental from UAA.	2
	3-Program Receipt Revenues	2
ARTS COUNCIL	1-Administrative staffing and relationship with Arts Alaska, Inc.	6
	2-Distribution of grant funds.	8
TEACHERS' RETIREMENT	1-Basis for payroll growth estimates.	10
	2-Change in actuarial table computations	10
FINANCIAL SUPPORT PROGRAMS		
TRANSPORTATION-PUBLIC	1-Basis for reimbursement.	12
	2-District control of contractor costs	12
TRANSPORTATION-PRIVATE	1-Legal status of program.	14
DEBT RETIREMENT-LOCAL	1-Funding of statutory provisions.	16
STUDENT LUNCH PROGRAM	1-Funding of statutory provisions.	18
FINE ARTS CAMPS	1-Funded by Arts Council in FY 78, FY 79	22
LOCAL FORMULA-REAA	1-Funding of statutory provisions.	26
BILINGUAL FUND	1-Relationship to new Foundation Formula Program	30
REGIONAL RESOURCE CENTERS	1-Funding base	32
TUITION STUDENTS	1-New High School programs in REAA's	36
BOARDING HOME GRANTS	1-New High School programs in REAA's	38
STATE CONTRACT PROGRAMS	1-General Fund Support	40
RSVP	1-General Fund Support	42
ADMINISTRATION & PROGRAM SUPPORT		
ADMINISTRATIVE SERVICES	1-Transfer from Capital.	46
GENERAL OVERHEAD	1-DP Chargeback.	50
TERMINAL LEAVE	1-Staff Benefit Charge	52
FOUNDATION PROGRAM		
STUDENT ADM.	1-Enrollment growth.	56
	2-Foundation levels.	--

EDUCATION CATEGORY
FY 80 SHORTFORM
AREAS OF LEGISLATIVE INTEREST IN PRIOR SESSIONS

UNIT	ITEM(s)	SHORTFORM PAGE
SPECIAL EDUCATION	1-Reporting ADM.	.58
BIA TRANSFERS	1-Identity of Schools.	.62
CORRESPONDENCE STUDY		
DOE	1-Program Growth	.64
COMMUNITY SCHOOLS	1-Funding of Statutory provisions.	.68
MUSEUMS	1-Grants-in-aid.	.74
	2-Transportation Museum.	.74
LIBRARY	1-Institute of Alaskan Native Arts	.78
	2-Grants program	.78
	3-State network.	--
	4-Health Science-USPHS Support	.82
APBC	1-Grants Program Funding Formula	.88
	2-KUAC	--
PROGRAM EVALUATION	1-Staffing by program.	.92-98
PTPC	1-General Fund Support	102
EXECUTIVE ADMINISTRATION	1-Staffing by program.	106-110
	2-Project ETA.	114
STUDENT FINANCIAL AID	1-Scholarship Loan Program Status.	120
	2-Forward Funding.	122
	3-WICHE Grants by Program.	124
	4-Student Incentive Grant Program.	126
POST SECONDARY EDUCATION		
COMMISSION	1-Staffing	130-132
	2-Repayment of loans	132
	3-Data Processing improvements	132
ADULT EDUCATION & VOC.		
TRAINING	1-ABE Program expansion.	138
	2-Fire Training Center expansion	140
	3-Community Schools development.	144
	4-Grants Administration staffing	148
	5-Skill Center programs.	150
VOCATIONAL REHABILITATION		
	1-Federal program support.	154-156
	2-Specialized Facilities support	160

HOUSE FINANCE COMMITTEE
March 22, 1979
9:15 a.m.

All members of the Committee were in attendance except Representatives Smith, Duncan, Schaeffer and Moss. Also present were Bill Thompson and Marilu Madden, Department of Education; and Dave Scott, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and stated the Committee would continue to receive testimony from the Department of Education on the EDUCATION category.

<u>TAPE #</u>	<u>DESCRIPTION</u>	<u>EDUCATION CATEGORY DPET. OF EDUCATION TESTIMONY</u>
HFC 79-84 Side 1		
001	<u>Financial Support Programs, State Contract Programs:</u> There was further discussion on the program. Thompson advised this includes 874 funds for elementary schools. He said they also receive 874 funds under the <u>Tuition Students</u> component, but all the funds are lumped into this component.	
129	Discussion on the Nome Belz school. Thompson advised funds cannot be taken out when their contract ends at the end of the year, because the money is being paid for the prior year at the end of the year according to their contract with Nome Beltz. There was discussion on the school. It contains 157,000 square feet. Thompson advised the State Board has directed the Division of Lands to transfer ownership of the building to the Nome School district.	
272	Scott said this would be a magnificent facility for a community college. He said he was hoping the Legislature would consider taking a look at putting the community college in this facility on a share basis with the school district. Thompson said they discussed this several times with the University over the years, but they did not appear to be interested. There was further discussion.	
341	Scott was directed to draft a letter for the Chairman's signature asking the University to respond to potential joint use of the facility. Thompson said they would strongly encourage this.	

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TAPE #DESCRIPTION

- 374 Financial Support, RSVP: Thompson advised this is the rural students vocational program, and they have submitted a revised budget. They made an error in developing the budget. The figure should have been \$620.0 total: \$28.0 federal funds, \$370.0 interagency receipts, and \$222.0 general funds. Interagency receipts are general funds from the Foundation program.
- 400 Rogers asked why this is changing from federal funds to general funds. Scott advised the Legislature was made aware last year that FY 79 would be the last year that federal funds would be received. Rogers requested a list of all programs in which they are expecting to lose federal funds. Thompson will provide.
- 444 Administration & Support, Administrative Services: Thompson advised these components do all the fiscal management for the Department. He said this component includes a request for a Facilities Coordinator position to be funded through general funds. He said this has previously been funded through C.I.P. funds to provide districts with technical assistance, and has been paid through a reimbursable services agreement from DOT/PF. They are asking for general funds because the C.I.P. funds will no longer be available at the end of this year. There was discussion.
- 500 Meekins asked if there were any other C.I.P. positions in this budget. Thompson advised there are five: three professional positions, one accounting clerk whose position will lapse June 30th, and a Clerk IV. They are also requesting the Clerk IV position in the budget.
- 530 Meekins requested a list of all C.I.P. positions, and a breakdown showing where they should properly be placed in the budget. Thompson will work with staff to include this information in the budget. Further discussion on C.I.P. positions.
- 618 Rogers advised that HB 6 (An Act establishing a time schedule for the orderly organization and operation of the Legislature) is scheduled for floor action tomorrow. He said this bill did not come through the finance committee, but it came out of the Judiciary Committee with a fiscal note. He explained the note and recommended that the Finance Committee not ask for a referral. Meekins instructed Rogers to carry discussion on the fiscal note when the bill reached the floor. HB 6 Fiscal Note Discussed
- 637 The meeting adjourned at 9:50 a.m. Adjourn

HOUSE FINANCE COMMITTEE
March 22, 1979
1:37 p.m.

All members were present except Representatives Smith and Moss. Also present were: Paul Davis, Alaska Public Broadcasting Commission; Bill Thompson and Marilu Madden, Department of Education; and Dave Scott, Legislative Finance.

PRESENT

Chairman Meekins called the meeting to order. Discussion continued on the EDUCATION category.

EDUCATION
CATEGORY
TESTIMONY
FROM DEPT.
OF ED.

TAPE #

DESCRIPTION

HFC 79-84 Side 1

- 637 Public Broadcasting Commission: Scott referred Committee members to a chart in the front of the short form for a breakdown on funds requested by the stations.
- 650 Mr. Paul Davis, Alaska Public Broadcasting Commission advised there is great disparity in funding from one station to another in the State. He said they developed a formula and came up with what appears to be a basis upon which they can make a parity of funding for all the stations. He explained. He said they came up with what they consider funding for basic minimum service. Said they found that those stations that were funded at the minimum were the ones that were most successful in obtaining local funding.
- 720 Davis explained what the basic minimum services were. Said the station's budget requests were submitted at this basic level.

HFC 79-84 Side 2

- 001 Continued explanation of the budget request. This is not what the Governor gave them. He provided only 5% above last year's request, which does not provide for any new stations.
- 067 Davis explained the Corporation for Public Broadcasting, a non-profit program whose purpose is to provide federal funds. He explained their criteria for eligibility.
- 130 Discussion on differences between public and commercial radio stations. Brief discussion on the Homer Public Broadcasting station.

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- 234 Davis advised APBC entered into an agreement with CPB, in which APBC paid the on line charges and received a waiver of local eligibility requirements, so they could use the programs. He said that waiver terminates in 1980.
- 377 Scott advised the satellite delay system has been double budgeted by the Governor. Davis said he talked with Holden who advised DOT/PF had no interest in having this responsibility in their agency; however, Mike Harper of the Governor's Office indicated Administration wants the funds to go through DOT/PF, who would then be free to RSA if they liked. Scott asked for an indication of where the money could be taken out. Davis will provide.
- 428 Haugen asked for information on where the requests for stations in his area stand. Davis said the applications went in some time ago, and it takes at least 90 days to get through FCC. Haugen suggested a subcommittee be formed to get this situation organized. He said it is a very complicated matter.
- 461 A recess was called at 2:10 for a Republican Caucus. The following members were present when the meeting was reconvened at 3:30 p.m.: Guy, Duncan, Smith, McKinnon, Rogers, Schaeffer, Haugen and Montgomery.
- 470 Administration and Support, Financial Accounting Audit: Thompson advised this component provides the financial support for the Department. He said there is one change in "other funds", it should go back to general funds. There was discussion on the charge-back process.
- 509 Administration & Support, General Overhead: Thompson advised these are the fixed costs chargeable to the Department (rent, centrex, etc.) The increase is the data processing charge back. Scott advised the Department's back up for data processing only shows \$175,000 is needed, but their budget is for \$215,000.
- 550 Administration & Support, Terminal Leave: Thompson advised their request was not approved by the Governor.
- 558 Foundation Program Components, Student Admin. Support: Thompson explained the end of year balances for school districts. He said the fund balance is the percentage of the total revenue at the end of the year. It gives an indication to school boards of how well the district is being managed. They feel a district should have a

fund balance at the year end -- to cover emergencies that could occur and provide working capital. He said that at year end the fund balance loses its identity as a source of funding. The Department would resist any scheme to take into account fund balances in funding of the foundation program. He commented if this were done, there would probably no longer be a fund balance in any of the school districts.

700 Thompson commented on lapsing of funds. Said a \$6 million lapse would only be 3% of their budget.

(Meekins arrived at this time.)

735 Montgomery asked if REAA fund balances were used for rural construction. Thompson said no, it is operating funds and excludes capital outlay. He commented they do look more closely at fund balances in REAA's.

HFC 79-85 Side 1

063 Montgomery commented that when there is an excessive fund balance in REAA's, many employees feel that is their money and should be used to give employees raises. He said the employees put great pressure on their school boards. He further explained.

171 Thompson explained the material he handed out (see attachments #1 and #2).

220 Meekins asked what the current status is on the \$110 million appropriation for schools. Thompson advised they have approved all the projects in the rural school area -- 60 to 70 projects. Some are in the design and construction stage, and some have gone out to bid. He will provide additional information.

248 Guy referred to a letter concerning a \$200,000 short fall on a school in his district. Thompson said a bill has been introduced at the Governor's request asking that of the \$110 million, the \$2.5 million earmarked for the rural school insurance construction fund be changed to a rural school contingency funds to cover such short falls.

304 In answer to a question from Meekins about schools being built short distances from each other, Thompson said they have looked into putting one school in areas where communities are located 4 or 5 miles

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from each other. He said in many cases they have problems because there are no roads, so it is not a viable alternative. He said the only place they have put in one school to cover two communities is in upper and lower Kalkak.

- 356 In answer to a question from Meekins concerning square foot costs, Thompson said they figured \$200 per square foot, with some adjustments. The figure was based on DOT/PF life cycle planning. He explained variables to the Committee. He said there is a potential that the cost could go up to \$500 per square foot in some remote village. Montgomery commented on this.
- 415 Thompson advised no contracts have been awarded. He believes the first one will be awarded next week for Gambell.
- 428 Meekins said he has heard about a school being built where there are no children. Thompson advised the reason people think this is because \$400,000 was appropriated in a 1976 bond issue for Chilonavik, and there were not enough children there, so the local school district requested the money be reallocated to another district. He said the money was appropriated, but not spent. Further discussion.
- 538 Meekins questioned the operating and maintenance costs for these schools once they are built. Thompson said this would be very difficult to compute because of changes made to the computer to the foundation program. He said the only approach he could take would be to take 1977 as a base year and assume there will be no changes. He will compute the information on this basis and provide the information to the Committee the first of next week.
- 651 Thompson will provide the following information: A list of projects, associated costs, number of children being served by the project, and status of project. Also he will provide information on the operating costs.
- 676 Foundation Program Components, Correspondence Study-DOE: Scott advised the Department's budget is based on a 30% growth over the current year, which he thinks is a very high estimate for growth.

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703 Foundation Program Components, Community Schools Adjustments: Thompson explained this goes to districts for operation of school programs. Scott explained the organization of the BRU's was changed in FY 79. There was discussion on the community schools program.

HFC 79-85 Side 2 (blank)

HFC 79-86 Side 1

- 054 Program Evaluation, K-12 Education Program: Marilu Madden explained this component administers the bilingual fund. They are requesting one additional state funded position for the bilingual program, which has received no increase in positions since it expanded to a \$5.2 million program.
- 103 Program Evaluation, Career & Vocational Education: Madden explained this is a maintenance budget, but there is an increase in the general fund match of \$16.4 because of changes in federal requirements.
- 155 Program Evaluation, Special Education: Madden advised this is state Administration for the Foundation program, and it goes to special education. She said they are asking for one more person. Because of their increased monitoring activity they have been successful in getting more pay backs from communities.
- 254 Program Evaluation, Supplemental Programs: Madden advised this is administration of federal grant monies.
- 291 Executive Administration, Commissioner: Thompson advised a portion of the increase is due to fully funding the Deputy Commissioner with general funds; previously it had been partially federal funds. There was discussion on terminal leave.
- 370 Scott advised that another increase is \$40.0 to expend under last years Legislative Resolve 29 (SCR 105). Thompson explained.
- 426 Executive Administration, Planning Info. & Research: Thompson advised that last year they received \$80.0 for instructional television, and they are requesting \$110.0 this year. They are also requesting \$130.0 for a management information system. He explained that program.

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489

Executive Administration, Boards & Commissions:
Thompson explained which Boards & Commissions were included here. Scott advised the Commissioner is recommending they withdraw from the Education Compact, which is a cost of approximately \$30.0. Thompson said they can't withdraw because it would require a statutory change. He advised they are committed by law through FY 81.

524

The meeting adjourned at 4:35 p.m.

ADJOURN

Tape HFC 79-84 Side 1 #637 to end
 Side 2 #001 to end
HFC 79-85 Side 1 #001 to end
 Side 2 (blank)
HFC 79-86 Side 1 #001 to 524

3/22/79

CITY & BOROUGH SCHOOL DISTRICT REVENUES
FY-78 Audited

	Other Federal	Federal B74	Total Federal	Foundation	Pupil Trans	Boarding Home's Tuition	Other State	Total State	Appropri- ation	Rental	Interest Income	Other Income	Total Local	Total All
Anchorage	53,057	2,280,063	2,333,120	53,366,956	4,784,289	2,008,958	461,678	60,621,921	22,521,054	123,326	658,522	310,737	23,614,439	86,569,480
Bristol Bay		149,700	149,700	1,021,987	59,237	18,325	11,978	1,111,527	80,000			3,089	83,089	1,344,316
Cordova		27,924	27,924	1,266,521	17,070	52,340	55,987	1,391,918	170,765		3,492	21,569	195,826	1,615,668
Craig		99,085	99,085	558,965	23,321	22,621		604,907	13,000	5,372	185	926	19,403	721,275
Dillingham	2,000	164,341	166,341	1,601,000	61,743	44,025	5,327	1,712,095	30,000		21,254	48,892	100,186	1,978,622
Fairbanks		443,050	443,050	16,516,620	2,930,650	103,326	122,677	19,673,281	6,359,676	29,833		23,319	6,412,828	26,529,159
Galena		196,850	196,850	721,995	14,229	13,696		749,920	6,468			8,495	14,963	961,733
Haines		45,994	45,994	1,161,042	65,285	25,365	9,628	1,265,120	246,490		10,524	29,717	286,731	1,597,845
Hoonah		119,709	119,709	797,095				797,095	13,994	1,688		6,159	672	939,317
Hydaburg		40,189	40,189	413,022			11,348	425,170				1,648	12,245	479,252
Junesau		309,056	309,056	7,803,508	543,693	28,497	25,140	8,400,838	2,931,700	4,054		50,685	2,986,440	11,776,344
Keke		166,262	166,262	621,203	12,355	4,614		638,172	15,000		3,270	777	19,047	823,481
Konal		357,683	357,683	11,596,365	1,000,759	32,645	6,968	13,436,737	3,520,000	7,617		50,874	3,506,491	17,360,911
Ketchikan		69,572	69,572	4,773,760	353,914	28,344		5,156,018	1,634,770			33,290	1,668,060	6,893,650
King Cove		84,865	84,865	614,541	7,697	3,766		626,004	27,146		5,105	622	32,073	743,742
Klawock		133,850	133,850	236,522				236,522	1,500			400	1,908	372,280
Kodiak		253,745	253,745	5,106,334	132,238	202,990	173,701	5,695,263	457,180	35,387	13,315	59,032	564,914	6,513,922
Mat-Su		42,339	42,339	7,362,022	1,746,325	64,357		9,172,704	2,536,240			95,239	2,631,479	11,846,522
Nondana		9,751	9,751	803,781	51,584	80,170		935,535	17,000		8,239	1,555	26,794	972,080
Nome		49,039	49,039	2,029,350	72,832	55,622	409,800	3,367,604	64,475	26,861	13,245	87,678	192,259	3,608,932
North Slope		1,508,090	1,508,090	4,737,769	214,013		14,402	4,966,184	5,149,100	164,639		35,245	5,348,984	11,023,266
Pelican				151,033		1,819		152,852	6,635		1,349		7,984	160,836
Petersburg		39,295	39,295	1,316,446	51,527	122,233	5,000	1,495,206	231,371	1,354	16,371		249,096	1,783,597
Sitka		517,106	517,106	3,434,227	145,466	3,475		3,583,168	783,288	6,477	40,356	137,689	967,610	5,068,084
Skagway				600,995	1,122	3,737	3,782	609,636	49,000		3,253		52,253	661,839
St. Mary's		140,739	140,739	723,022			40,879	771,901		11,350	2,247	14,088	27,685	940,325
Unalaska		42,916	42,916	634,666	55,630	9,755		699,991	112,500			1,580	114,080	856,907
Valdez				2,253,281	125,602	48,304		2,427,187	995,644		60,498	13,041	1,069,183	3,496,370
Wrangell		17,105	17,105	1,168,920	43,097	911	886	1,213,814	215,500		8,461	5,529	229,490	1,460,409
Yakutat				590,610	30,573	5,020		626,211	20,369		944	3,725	25,038	651,249
	55,057	7,309,136	7,364,193	134,948,138	13,344,259	2,984,923	1,367,181	152,644,501	48,210,665	417,958	878,477	1,058,719	50,565,819	210,574,513

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69.

A Hachment #1

CITY & BOROUGH SCHOOL DISTRICT EXPENDITURES

FY-78 Audited

	Regular Instruction	Vocational Education	Special Education	Corres- pondence	Support Services Pupil	Support Services Instr.	General Admin.	Operation & Managemt.	Pupil Trans.	Boarding Home	Other Non-Prog.	Total Expenditures
Anchorage	46,916,208	3,146,750	4,785,094		1,461,107	1,310,980	10,452,233	14,327,599	4,990,316		1,284,875	88,675,162
Bristol Bay	383,469	103,260	66,085		40,426	46,004	195,784	252,163	73,024		64,237	1,224,452
Cordova	661,774	139,049	172,278		69,840	106,805	304,220	258,733	18,918		9,238	1,740,855
Craig	228,950	58,205	54,682		1,920	42,537	118,030	80,549	23,147		28,111	636,131
Billingham	625,192	161,427	159,924		66,371	43,007	367,520	291,264	68,954		60,649	1,864,308
Fairbanks	10,680,671	1,203,898	1,775,702	110,149	820,814	902,697	2,796,409	5,575,082	3,369,353	26,500		27,261,275
Chena	216,391	81,774	56,051		43,555	13,826	111,272	152,642	14,229		70,072	759,812
Haines	654,773	82,465	139,044		46,169	14,307	172,350	217,341	65,974		15,499	1,407,922
Healy	307,312	101,985	88,028		35,771	43,947	147,560	158,152			57,570	940,325
Hydaburg	139,804	49,880	35,164		238	---	89,783	73,694			54,420	442,983
Juneau	5,533,157	577,082	646,917	40,324	527,565	439,445	1,059,893	1,669,457	610,065		128,219	11,832,124
Kake	255,439	96,281	81,779		7,524	7,663	160,659	121,590	12,020		70,515	813,470
Kemai	7,324,371	834,480	907,528	201,381	561,366	619,782	1,871,133	1,902,968	1,844,294	45,896	502,165	16,615,364
Ketchikan	2,919,636	460,944	424,845	68,889	455,090	256,809	554,097	1,192,667	380,605		237,746	4,951,328
King Cove	211,276	64,205	41,814		15,732	146,767	88,458	253		4,004	35,848	608,357
Klawock	85,023	---	17,135		5,831	3,105	61,852	33,217			22,644	228,807
Kodiak	2,675,015	298,053	452,457	81,518	188,924	253,636	752,180	1,148,482	164,292	110,540	370,832	6,495,929
Mat-Su	4,808,288	682,903	384,351	263,985	416,040	378,750	1,502,961	1,978,965	1,784,714		19,641	12,220,598
Metana	269,297	162,256	83,348	---	23,302	14,084	154,545	177,304	26,365		76,261	986,762
Nome	1,326,242	197,752	259,997		101,813	1,075	424,772	977,463	71,588		131,520	3,492,222
North Slope	2,846,384	713,764	644,011	8,538	377,875	91,538	1,962,592	3,533,431	260,828		934,603	11,373,564
Palican	90,974	15,783			522	2,133	24,173	31,716			2,025	167,326
Petersburg	745,227	103,770	161,227		37,900	43,455	189,221	287,630	55,127		109,106	1,732,663
Sitka	2,317,255	246,168	278,437	16,802	124,353	214,455	533,082	702,865	174,838		322,665	4,930,920
Skagway	332,216	55,225	50,402		16,358	14,006	75,850	69,328	1,119		22,343	636,847
St. Mary's	125,549	104,591	175,364			17,447	140,508	148,758			64,867	777,084
Unalaska	315,310	73,141	72,929		3,387	40,673	108,441	112,028	65,833	6,392	40,835	838,959
Valdez	1,157,845	211,985	437,557		18,573	203,299	525,354	983,294	135,868		99,399	3,773,174
Wrangell	774,885	117,183	117,837		46,025	40,412	206,035	155,649	47,789		20,875	1,526,690
Yakutat	215,215	79,675	74,456				95,099	87,222	29,974		36,137	617,778
TOTALS	95,143,148	10,243,934	12,644,443	791,586	5,498,659	5,181,609	25,904,375	36,789,711	14,289,487	193,332	4,892,917	211,573,201

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CITY AND BOROUGH SCHOOL DISTRICTS
FOOD SERVICE, PUPIL ACTIVITY AND SPECIAL REVENUE FUNDS

District	FOOD SERVICES FUND						PUPIL ACTIVITY FUND			SPECIAL REVENUE FUNDS			
	Food Srv. Sales	Federal Reim.	School Dist. Subsidy	Salaries & Benefits	Food & Milk	Other Exp.	Generated Revenue	School Dist. Subsidy	Total Exp.	State Grants	Federal Grants	Local Funds	Total Grant Expenditures
Anchorage	\$2,350,962	\$ 895,684	\$ 125,841	\$1,753,214	\$1,040,189	\$ 579,084	\$1,147,577	\$ -0-	\$1,115,205	\$1,829,184	\$2,741,228	\$ 27,768	\$ 4,598,180
Bristol Bay	13,465	5,902	29,364	32,036	15,244	1,451	27,139	21,148	50,860	-0-	70,639	5,438	76,077
Cordova	17,428	9,250	8,784	26,684	7,746	1,032	34,227	36,510	70,122	-0-	180,951	454	181,405
Craig	5,031	5,792	16,347	13,251	12,348	1,571	-0-	11,764	11,764	2,637	77,542	-0-	80,179
Dillingham			NO FOOD SERVICE PROGRAM				77,282	25,000	101,662	129,899*	240,441	7,246	377,586
Fairbanks	70,748	34,906	-0-	11,681	93,427	546	407,784	149,434	647,317	256,201**	503,060	12,861	772,122
Galena	7,351	5,790	29,271	27,904	10,411	4,097	10,867	28,673	26,757	-0-	48,929	30,717	79,646
Haines			NO FOOD SERVICE PROGRAM				23,930	11,000	36,632	34,881	64,553	1,161	100,595
Hoonah	6,364	33,682	29,999	33,387	33,549	3,109	23,172	18,500	38,464	6,180	275,833	8,129	290,142
Hydaburg	-0-	12,849	14,711	16,398	9,812	1,350	6,969	11,191	8,444	1,163	67,952	-0-	69,115
Juneau			NO FOOD SERVICE PROGRAM				183,232	62,959	232,888	250,446**	384,585	-0-	635,031
Kake	1,936	16,297	8,152	8,519	13,273	4,593	32,648	15,532	44,252	10,127	111,885	9,431	131,443
Kenai	323,511	126,363	165,188	308,913	256,548	49,601	334,749	342,665	650,377	63,654**	329,035	-0-	392,689
Ketchikan	88,874	85,613	40,868	91,529	117,032	6,794	188,886	38,600	225,429	13,512	274,197	2,733	290,442
King Cove	841	1,562	5,318	1,952	4,706	1,063	5,652	11,563	16,411	2,018	54,651	18,967	75,636
Klawock			NO FOOD SERVICE PROGRAM				-0-	-0-	-0-	1,150	39,432	267	40,849
Kodiak	65,690	64,106	15,034	76,886	58,250	9,694	90,764	90,709	181,431	295,397*	354,431	733	650,561
Mat-Su	246,690	95,168	91,111	71,017	210,307	51,645	236,711	10,600	240,877	98,120**	320,026	10,197	428,343
McKenzie	4,120	1,328	1,018	1,766	4,424	276	18,789	7,433	28,134	45,123**	9,904	1,099	56,126
Nome	17,258	28,471	29,299	25,340	48,844	844	47,564	23,000	67,476	76,391	807,368	31,974	915,733
North Slope	11,514	83,918	555,278	366,636	278,640	5,434	60,150	315,382	281,488	177,627	838,207	600	1,016,434
Pelican			NO FOOD SERVICE PROGRAM				-0-	-0-	-0-	-0-	8,000	2,543	10,543
Petersburg	8,308	5,237	13,437	9,773	16,033	1,176	17,151	28,321	45,931	23,746	58,129	36,254	118,129
Sitka	92,841	21,050	18,508	62,617	67,144	2,638	85,419	41,679	127,098	52,285	243,122	-0-	295,407
Skagway			NO FOOD SERVICE PROGRAM				7,386	21,972	27,728	1,515	17,936	-0-	19,451
St. Mary's	-0-	13,230	32,492	29,408	15,672	642	-0-	-0-	-0-	-0-	149,867	1,231	151,098
Unalaska	3,366	3,090	12,600	5,267	11,722	2,067	19,719	9,097	28,816	-0-	31,811	3,625	35,436
Valdez			NO FOOD SERVICE PROGRAM				46,817	55,488	98,842	-0-	45,601	7,202	52,803
Wrangell			NO FOOD SERVICE PROGRAM				69,179	19,875	93,341	5,699	115,637	5,960	127,296
Yakutat	10,462	5,263	17,367	21,650	9,139	2,303	4,299	19,123	23,422	5,330	31,833	-0-	37,163
TOTALS	\$3,346,760	\$1,554,551	\$1,259,987	\$3,095,828	\$2,334,460	\$ 731,010	\$3,208,062	\$1,426,618	\$4,521,168	\$3,382,285	\$8,496,785	\$ 226,590	\$12,105,660
Anchorage													
On-Base	131,505	58,669	52,742	116,317	79,753	46,846	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fairbanks													
On-Base	12,002	4,454	-0-	-0-	16,220	236	48,232	40,084	100,104	-0-	-0-	-0-	-0-

* Includes Boarding Home

** Includes RSVP

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RURAL EDUCATION ATTENDANCE AREAS
REVENUE
FY-78 Audited

	Other Federal	Federal 874	Total Federal	Foundation	Pupil Trans	In Lieu Of	Boarding Home	Other State	Total State	Rental	Interest	Other Local Income	Total Local
Adak		1,469,558	1,469,558	245,201	57,737	416,240	---	---	719,178	9,088	60,417	12,889	82,394
Alaska Central		355,136	355,136	1,226,448	160,372	241,488	---	1,107	1,629,415	19,402	35,816	---	55,218
Alaska Gateway		44,531	44,531	1,551,000	163,454	290,336	482	---	2,005,272	2,183	23,248	7,616	33,047
Aleutian		187,079	187,079	1,297,921	---	160,304	10,442	---	1,468,667	2,278	12,690	72,638*	87,806
Annette Is.		974,909	974,909	23,125	5,645	219,472	---	1,984	250,226	---	24,209	2,500	26,709
Bering Strait		661,549	661,549	1,981,201	21,080	304,784	305,784	---	2,612,849	30,133	11,348	2,768	44,249
Chatham		278,532	278,532	410,502	---	127,968	---	---	538,470	24,073	1,670	---	25,743
Chugach		72,804	72,804	230,032	---	33,024	---	---	263,056	---	---	8,903	8,903
Copper River		343,113	343,113	1,870,637	289,715	482,976	9,404	---	2,652,732	---	19,314	21,838	41,152
Delta/Greely		900,583	900,583	1,244,417	267,219	533,200	1,760	---	2,046,596	---	36,343	1,351	37,694
Iditarod		465,099	465,099	1,239,901	---	195,392	---	61,145 ²	1,496,438	20,829	3,101	---	23,930
Kuspuk	16,880	706,247	723,127	1,363,986	31,749	233,920	4,654	33,521	1,667,830	20,255	23,864	3,951 ⁴	48,070
Kower Kuskokwim	89,098	2,173,269	2,262,367	3,154,856	50,582	1,016,176	1,070,870	---	5,292,484	95,177	75,530	142,242 ³	312,949
Lower Yukon		1,480,442	1,480,442	2,227,933	---	615,072	---	51,500	2,894,505	148,234	68,122	46,405 ⁴	262,761
Northwest Arctic		2,316,087	2,316,087	3,992,413	---	1,033,376	91,811	2,711	5,120,311	169,692	50,415	22,340 ⁴	242,447
Pribilof		439,713	439,713	467,787	---	126,592	---	3,181	597,560	---	20,012	---	20,012
Southeast Is.		896,690	896,690	720,310	12,332	294,464	23,793	3,253	1,034,152	---	29,415	---	29,415
Southwest		1,293,592	1,293,592	1,649,017	---	359,824	---	---	2,008,841	56,090	52,532	26,605	136,027
Lake & Pen.		751,920	751,920	1,635,080	33,708	263,504	4,275	---	1,936,567	36,250	21,541	231	58,022
Yukon Flats		415,576	415,576	1,328,863	---	209,152	17,432	---	1,555,447	---	---	4,339 ⁵	4,339
Yukon-Koyukuk		1,259,442	1,259,442	2,184,325	---	453,392	---	51,500	2,689,217	70,505	43,400	122,574 ⁵	236,479
		17,485,871	17,591,849	30,044,955	1,093,593	7,610,656	1,540,707	209,902	40,499,813	704,959	613,187	499,190	1,817,366

- *1 Sale of Capital Equipment
2 Includes 21,000 Insurance Proceeds
3 Federal Payments
4 Includes Indirect Cost Payments
5 Includes AVEL Subsidy

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b/e/c

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RURAL EDUCATION ATTENDANCE AREAS EXPENDITURES
SCHOOL OPERATING FUND

FY-78 Audited

REAA	Regular Instr.	Vocational Education	Special Education	Corresp.	Support Services Pupil	Support Services Instr.	General Admin.	Operation & Maintenance	Pupil Trans.	Boarding Home	Other Non-Prog.	Fund Balance (GF)	FY-77 Fund Bal. GF
Adak	995,500	107,334	21,264	---	32,051	43,901	439,270	365,314	80,209		44,337	313,258	171,308
Alaska Central	638,303	122,655	66,596	---	147	16,872	287,245	376,722	163,667		39,135	608,714	260,287
Alaska Gateway	755,368	59,058	108,175	64,119	1,033	55,119	364,843	397,765	163,454	482	51,659	170,162	102,350
Alutian Chain	552,521	30,580	121,688	16,700	11,423	91,838	439,877	280,890	---	---	38,497	206,142	44,503
Annette Is.	442,272	33,789	81,409	---	61,458	8,674	179,010	248,867	4,446	---	33,337	219,452	110,870
Bering Strait	727,943	146,126	124,868	11,031	---	57,106	642,168	961,767	21,080	308,694	152,814	399,519	43,284
Chatham	278,818	53,451	46,409	---	2,625	---	196,678	189,528	---	---	6,836	288,956	210,011
Chugach	124,736		25,529	---	1,498	---	61,561	63,096	---	---	6,971	176,909	115,537
Copper River	1,165,105	144,489	112,797	168,825	99,029	4,679	456,658	636,231	298,548	9,404	5,800	101,661	134,226
Delta/Greely	1,133,964	167,441	138,853	106,215	77,299	108,151	299,448	604,126	273,097		61,500	388,309	192,411
Iditarod	627,712	133,687	79,042	37,871	15,420	152,314	264,493	481,135		25,065	173,272	245,734	255,865
Kuspuk	867,694	48,845	81,833	65,292	---	27,791	420,597	620,886	16,658	5,058	86,088	340,245	141,990
Lower Kuskokwim	2,168,713	309,409	468,586		665,297	441,424	1,023,721	2,038,109	52,954		202,233	887,798	394,790
Lower Yukon	1,310,978	195,584	225,053	148	653	44,184	414,521	1,446,129	4,520	116,744	420,766	1,136,441	418,859
Northwest Arc.	2,724,554	407,493	399,192	22,243	78,511	263,440	1,154,759	2,744,593	9,480	100,453	464,590	19,794	627,355
Pribilof	321,174	59,373	94,973	---	---	---	166,140	103,406			62,265	549,207	297,091
Southeast Is.	959,029	48,221	115,069	190,333	23,872	49,684	188,243	384,945	18,071		---	206,823	202,574
Southwest	1,004,328	196,959	174,208	75,163	---	30,111	485,215	1,046,261			362,324	462,167	185,662
Take & Pen.	856,320	104,586	82,960	10,571	30,760	94,171	417,671	865,074	17,187		112,952	474,854	251,945
Yukon Flats	640,064	101,608	75,920	46,339	20,142	654	283,834	532,123		2,421	164,013	85,372	48,511
Yukon-Koyukuk	1,211,738	243,804	170,469	210,494	77,194	64,198	581,200	1,405,649		124,554	97,443	197,968	75,019
TOTALS	19,505,834	2,764,492	2,814,898	1,025,344	1,198,412	1,554,311	8,767,152	15,792,616	1,123,371	692,875	2,586,832	7,479,565	4,311,028

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1978 REPORT
REGIONAL EDUCATIONAL ATTENDANCE AREAS
FOOD SERVICE, PUPIL ACTIVITY AND SPECIAL REVENUE FUNDS

REAA	FOOD SERVICES FUND						PUPIL ACTIVITY FUND			SPECIAL REVENUE FUNDS			
	Food Srv. Sales	Federal Reim.	School Dist. Subsidy	Salaries & Benefits	Food & Milk	Other Exp.	Generated Revenue	Sch. Dist. Subsidy	Total Exp.	State Grants	Federal Grants	Local Funds	Total Grant Expenditures
Adak	\$ 39,222	\$ 2,202	\$ 7,867	\$ 22,232	\$ 27,059	\$ -0-	\$ 25,805	\$ 36,470	\$ 59,497	\$ 24,812	\$ 36,164	\$ -0-	\$ 60,976
AK Central	11,349	-0-	2,272	8,593	4,233	795	35,502	36,863	75,758	31,936	30,189	3,000	65,125
AK Gateway	-0-	696	9,321	-0-	10,017	-0-	23,435	36,243	53,753	1,419	178,777	-0-	180,196
Aleutian			NO FOOD SERVICE PROGRAM				NONE REPORTED			35,441	234,561	29,074	299,076
Annette	10,156	12,356	30,429	42,100	7,982	2,859	42,479	2,595	42,452	4,512	109,725	5,675	119,912
Bering Strait	3,055	126,126	13,492	80,967	58,633	3,073	-0-	33,101	33,101	-0-	609,814	25,530	635,344
Chatham	281	11,623	-0-	1,357	9,659	888	23,120	6,836	26,898	2,889	113,399	-0-	116,288
Chugach	-0-	-0-	3,595	2,904	691	-0-	-0-	3,376	3,376	-0-	16,242	-0-	16,242
Copper River			NO FOOD SERVICE PROGRAM				60,778	-0-	60,778	33,185	132,734	-0-	165,919
Delta Greely	37,607	10,220	30,120	43,721	24,197	10,029	32,458	23,964	60,646	24,739	87,471	5,927	118,137
Iditarod	-0-	-0-	25,229	9,700	15,529	-0-	-0-	51,400	51,400	15,985	365,926	40,878	422,789
Kuspuk	4,426	22,934	56,800	35,623	48,537	-0-	9,965	-0-	9,809	-0-	163,395	6,091	169,486
Lake & Pen.	9,925	21,520	98,553	79,371	49,718	909	4,005	-0-	1,287	72,280	201,643	-0-	273,923
Lower Kusk.	33,482	-0-	406,838	233,457	133,641	73,222	-0-	63,675	63,675	89,012	1,554,691	-0-	1,643,703
Lower Yukon	-0-	157,664	129,538	129,591	145,387	12,224	29,563	-0-	32,529	166,330*	772,616	3,897	942,843
Northwest	41,146	122,835	364,296	296,295	225,951	6,031	N/A	98,632	98,632	70,832	1,048,820	-0-	1,119,652
Pribilof			NO FOOD SERVICE PROGRAM				5,563	-0-	4,291	19,212	79,514	6,086	104,812
Southeast			NO FOOD SERVICE PROGRAM				13,320	-0-	12,528	4,807	60,181	-0-	64,988
Southwest	-0-	15,554	102,847	62,136	56,265	-0-	-0-	2,904	26,301	-0-	434,781	-0-	434,781
Yukon Flats	7,022	24,029	47,334	49,056	24,674	4,655	11,822	8,729	20,551	67,974*	295,142	25,945	389,061
Yukon-Koyukuk	9,865	47,201	95,938	40,955	62,935	49,064	-0-	695	695	133,726*	462,068	810	596,604
TOTALS	\$207,536	\$574,960	\$1,424,469	\$1,138,058	\$905,158	\$163,749	\$317,815	\$405,483	\$737,957	\$799,091	\$6,987,853	\$152,913	\$7,939,857

* Includes Boarding Home

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RURAL EDUCATION ATTENDANCE AREAS
REVENUE
FY-78 Audited

	Other Federal	Federal 874	Total Federal	Foundation	Pupil Trans	In Lieu Of	Boarding Home	Other State	Total State	Rental	Interest	Other Local Income	Total Local
Adak		1,469,558	1,469,558	245,201	57,737	416,240	---	---	719,178	9,088	60,417	12,389	92,394
Alaska Central		355,136	355,136	1,226,448	160,372	241,488	---	1,107	1,629,415	19,402	35,816	---	55,218
Alaska Gateway		44,531	44,531	1,551,000	163,454	290,336	482	---	2,005,272	2,183	23,248	7,616	33,047
Aleutian		187,079	187,079	1,297,921	---	160,304	10,442	---	1,468,667	2,278	12,890	72,638*	87,806
Annette Is.		974,909	974,909	23,125	5,645	219,472	---	1,984	250,226	---	24,209	2,500	26,709
Bering Strait		661,549	661,549	1,981,201	21,080	304,704	305,784	---	2,612,849	30,133	11,348	2,768	44,249
Cnatham		278,532	278,532	410,502	---	127,968	---	---	538,470	24,073	1,670	---	25,743
Chugach		72,804	72,804	230,032	---	33,024	---	---	263,056	---	---	8,903	6,903
Copper River		343,113	343,113	1,870,637	289,715	482,976	9,404	---	2,652,732	---	19,314	21,839	41,152
Delta/Greely		900,583	900,583	1,244,417	267,219	533,200	1,760	---	2,046,596	---	36,343	1,351	37,694
Iditarod		465,099	465,099	1,239,901	---	195,392	---	61,145 ²	1,496,438	20,829	3,101	---	23,930
Kuspuk	16,880	706,247	723,127	1,363,986	31,749	233,920	4,654	33,521	1,667,830	20,255	23,864	3,951	48,070
Kowar Kuskokwim	89,098	2,173,269	2,262,367	3,154,856	50,582	1,016,176	1,070,870	---	5,292,484	95,177	75,530	142,242	312,949
Lower Yukon		1,480,442	1,480,442	2,227,933	---	615,072	---	51,500	2,894,505	148,234	68,122	46,405	262,761
Northwest Arctic		2,316,087	2,316,087	3,992,413	---	1,033,376	91,811	2,711	5,120,311	169,692	50,415	22,340 ⁷	242,447
Pribilof		439,713	439,713	467,787	---	126,592	---	3,181	597,560	---	20,012	---	20,012
Southeast Is.		896,690	896,690	720,310	12,332	294,464	23,793	3,253	1,054,152	---	29,415	---	29,415
Southwest		1,293,592	1,293,592	1,649,017	---	359,824	---	---	2,008,841	56,890	52,532	26,605	136,027
Lake & Pen.		751,920	751,920	1,635,080	33,708	263,504	4,275	---	1,936,567	36,250	21,541	231	58,022
Yukon Flats		415,576	415,576	1,328,853	---	209,152	17,432	---	1,555,447	---	---	4,339 ⁵	4,339
Yukon-Koyukuk		1,259,442	1,259,442	2,184,325	---	453,392	---	51,500	2,689,217	70,505	43,400	122,574 ⁵	236,479
		17,485,871	17,591,849	30,044,955	1,093,593	7,610,656	1,540,707	209,902	40,499,813	704,959	613,187	499,190	1,617,366

- *1 Sale of Capital Equipment
2 Includes 21,000 Insurance Proceeds
3 Federal Payments
4 Includes Indirect Cost Payments
5 Includes AVEL Subsidy

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Attachment #2

RURAL EDUCATION ATTENDANCE AREAS EXPENDITURES
SCHOOL OPERATING FUND

FY-78 Audited

REAA	Regular Instr.	Vocational Education	Special Education	Corresp.	Support Services Pupil	Support Services Instr.	General Admin.	Operation & Maintenance	Pupil Trans.	Boarding Home	Other Non-Prog.	Fund Balance (GF)	FY-77 Fund Bal. GF
Adak	995,500	107,334	21,264	---	32,051	43,901	439,270	365,314	80,209		44,337	313,258	171,308
Alaska Central	628,303	122,655	66,596	---	147	16,872	287,245	376,722	163,667		39,135	600,714	280,287
Alaska Gateway	755,368	59,058	108,175	64,119	1,033	55,119	364,843	397,765	163,454	482	51,659	170,162	108,390
Alutian Chain	552,521	30,580	121,688	16,700	11,423	91,838	439,877	280,890	---	---	38,497	206,142	44,503
Annette Is.	442,272	83,789	81,409	---	61,458	8,674	179,010	248,867	4,446	---	33,337	219,452	110,870
Bering Strait	727,943	146,126	124,868	11,031	---	57,106	642,168	961,767	21,080	308,694	152,814	399,519	43,284
Citatham	278,818	53,451	46,409	---	2,625	---	196,678	189,528	---	---	6,836	288,956	210,011
Chugach	124,736	---	25,529	---	1,498	---	61,561	63,096	---	---	6,971	176,909	115,537
Copper River	1,165,105	144,489	112,797	168,825	99,029	4,679	456,658	636,231	298,548	9,404	5,800	101,661	134,226
Delta/Greely	1,133,964	167,441	138,853	106,215	77,299	108,151	299,448	604,126	273,097		61,500	388,389	192,411
Iditarod	627,712	133,687	79,042	37,871	15,420	152,314	264,493	481,135		25,065	173,272	245,734	255,965
Kuspuk	867,694	48,845	81,833	65,292	---	27,791	420,597	620,886	16,658	5,058	86,088	340,245	141,990
Lower Kuskokwim	2,168,713	309,409	468,586	---	665,297	441,424	1,023,721	2,038,109	52,954		202,233	887,798	394,790
Lower Yukon	1,310,978	195,584	225,058	148	653	44,184	414,521	1,446,129	4,520	116,744	420,766	1,136,441	418,859
Northwest Arc.	2,724,554	407,493	399,192	22,243	78,511	263,440	1,154,759	2,744,593	9,480	100,453	464,590	19,794	627,355
Pribilof	321,174	59,373	94,973	---	---	---	166,140	103,406			62,265	549,207	297,091
Southeast Is.	959,029	48,221	115,069	190,333	23,872	49,684	188,243	384,945	18,071		---	206,823	202,874
Southwest	1,004,328	195,959	174,208	75,163	---	30,111	485,215	1,046,261			362,324	462,167	185,662
Lake & Pen.	855,320	104,586	82,960	10,571	30,760	94,171	417,671	865,074	17,187		112,952	474,854	251,945
Yukon Flats	640,064	101,608	75,920	46,339	20,142	654	283,834	532,123		2,421	164,013	85,372	48,511
Yukon-Koyukuk	1,211,738	243,804	170,469	210,494	77,194	64,198	581,200	1,405,649		124,554	97,443	197,958	75,019
TOTALS	19,505,834	2,764,492	2,814,898	1,025,344	1,198,412	1,554,311	8,767,152	15,792,616	1,123,371	692,875	2,586,832	7,479,565	4,311,028

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FY 1978 AUDIT REPORT
REGIONAL EDUCATIONAL ATTENDANCE AREAS
FOOD SERVICE, PUPIL ACTIVITY AND SPECIAL REVENUE FUNDS

REAA	FOOD SERVICES FUND						PUPIL ACTIVITY FUND			SPECIAL REVENUE FUNDS			
	Food Srv. Sales	Federal Reim.	School Dist. Subsidy	Salaries & Benefits	Food & Milk	Other Exp.	Generated Revenue	Sch. Dist. Subsidy	Total Exp.	State Grants	Federal Grants	Local Funds	Total Grant Expenditures
Adak	\$ 39,222	\$ 2,202	\$ 7,867	\$ 22,232	\$ 27,059	\$ -0-	\$ 25,805	\$ 36,470	\$ 59,497	\$ 24,812	\$ 36,164	\$ -0-	\$ 60,976
AK Central	11,349	-0-	2,272	8,593	4,233	795	35,502	36,863	75,758	31,936	30,189	3,000	65,125
AK Gateway	-0-	696	9,321	-0-	10,017	-0-	23,435	36,243	53,753	1,419	178,777	-0-	180,196
Aleutian			NO FOOD SERVICE PROGRAM				NONE REPORTED			35,441	234,561	29,074	299,076
Annette	10,156	12,356	30,429	42,100	7,982	2,859	42,479	2,595	42,452	4,512	109,725	5,675	119,912
Bering Strait	3,055	126,126	13,492	80,967	58,633	3,073	-0-	33,101	33,101	-0-	609,814	25,530	635,344
Chatham	281	11,623	-0-	1,357	9,659	888	23,120	6,836	26,898	2,889	113,399	-0-	116,288
Chugach	-0-	-0-	1,595	2,904	691	-0-	-0-	3,376	3,376	-0-	16,242	-0-	16,242
Copper River			NO FOOD SERVICE PROGRAM				60,778	-0-	60,778	33,185	132,734	-0-	165,919
Delta Greely	37,607	10,220	30,120	43,721	24,197	10,029	32,458	23,964	60,646	24,739	87,471	5,927	118,137
Iditarod	-0-	-0-	25,229	9,700	15,529	-0-	-0-	51,400	51,400	15,985	365,926	40,878	422,789
Kuspuk	4,426	22,934	56,800	35,623	48,537	-0-	9,965	-0-	9,809	-0-	163,395	6,091	169,486
Lake & Pen.	9,925	21,520	98,553	79,371	49,718	909	4,005	-0-	1,287	72,280	201,643	-0-	273,923
Lower Kusk.	33,482	-0-	406,838	233,457	133,641	73,222	-0-	63,675	63,675	89,012	1,554,691	-0-	1,643,703
Lower Yukon	-0-	157,664	129,538	129,591	145,387	12,224	29,563	-0-	32,529	166,330*	772,616	3,897	942,843
Northwest	41,146	122,835	364,296	296,295	225,951	6,031	N/A	98,632	98,632	70,832	1,048,820	-0-	1,119,652
Pribilof			NO FOOD SERVICE PROGRAM				5,563	-0-	4,291	19,212	79,514	6,086	104,812
Southeast			NO FOOD SERVICE PROGRAM				13,320	-0-	12,528	4,807	60,181	-0-	64,988
Southwest	-0-	15,554	102,847	62,136	56,265	-0-	-0-	2,904	26,301	-0-	434,781	-0-	434,781
Yukon Flats	7,022	24,029	47,334	49,056	24,674	4,655	11,822	8,729	20,551	67,974*	295,142	25,945	389,061
Yukon-Koyukuk	9,865	47,201	95,938	40,955	62,985	49,064	-0-	695	695	133,726*	462,068	810	596,604
TOTALS	\$207,536	\$574,960	\$1,424,469	\$1,138,058	\$905,158	\$163,749	\$317,815	\$405,483	\$737,957	\$799,091	\$6,987,853	\$152,913	\$7,939,857

* Includes Boarding Home

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HOUSE FINANCE COMMITTEE

March 23, 1979

8:40 a.m.

All members were present except Representatives Guy, Freeman and Moss. Representatives McKinnon, Schaeffer and Duncan arrived later in the meeting. Present to testify were: Kerry Romesburg, Post Secondary Education Commission; Marilu Madden and Bill Thompson, Department of Education; Janet Green, Office of the Governor; Lynn Woods and Jane Yauasharo, Commission on the Status of Women; Bob Fredericks, Alaska Historical Commission; and Dave Scott, Legislative Finance Division.

Present

Chairman Meekins called the meeting to order. The Committee continued to receive testimony on the EDUCATION category.

EDUCATION Category

TAPE

DESCRIPTION

HFC 79-86 Side 1

532 Office of the Governor, Alaska Historical Commission:
Dr. Fredericks presented an overview of the Commission. He presented a hand-out indicating FY 78 projects, and those projects they anticipate doing in FY 80 (see attachment #1). Stated the hand-out is a more realistic review of projects they can do in terms of the Governor's request figure.

Office of Governor

(McKinnon and Schaeffer arrived.)

HFC 79-86 Side 2

001 Discussion on schedule of Committee.

053 Meekins said the Committee would hear from members of the Commission on the Status of Women, (Component in the ADMINISTRATION OF JUSTICE category), so those testifying would not have to make a special trip to Juneau.

ADMINIS. OF JUSTICE Com: on Status of Women

080 Lynn Woods, Executive Director, gave an overview of the Commission. Policies they will be working on over next three months: looking at status of women in the economic area; researching displaced homemaker programs in other states; analyzing Department of Labor statistics on race and sex; analyzing child support enforcement.

120 Woods explained the legislation and mandates enacted to create the Commission. Discussion. Legislation states the Commission will go out of existence in five years. In that time they would like to

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create an atmosphere in the State so that women and minorities will be looked upon as "more equal" than they presently are.

(Duncan arrived.)

- 333 Meekins asked what the difference was between their request and the Governor's figure. Woods said the main difference was they requested two additional positions in the public information/involvement area. Said they felt they had a need in that area for staffing.

The Committee continued to receive testimony in the EDUCATION category, from the Office of the Governor.

EDUCATION
CATEGORY
Office of
the Gov.

- 358 Alaska Arts Council, Administration and Support: Scott presented a hand-out on the Council's budget summary for FY 79 (see attachment #2). Scott advised their request for position number 1 could be funded with half federal and half general funds. Green advised the Governor authorized no new positions; the only increases are for inflation.

- 420 Discussion on grants. Rogers asked what criteria was used in making grants, and Green advised they review every application that comes in.

- 444 Alaska Arts Council, Grants: Scott advised that the Council has a new director (Mr. Evans) and he supports the Governor's figures at this point.

- 456 Rogers asked if last year's legislative intent had been complied with. Scott advised the governor vetoed the additional dollars placed in the budget by the Legislature, but he didn't veto the intent.

Department of Education

- 487 Student Financial Aid, Scholarship Loan Program: Kerry Romesburg, PSEC, commented on bill just passed by the Senate. He said if they are given the governor's figure of \$5.8 million they will have no money for new freshmen or graduate students.

Dept. of
Education

- 550 Discussion on SB 130. Romesburg said the bill will not affect their budget until FY 81.

- 596 Duncan questioned loans to the Seward Skill Center. Romesburg said they have funded every application for the Seward Skill Center.

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603 Student Financial Aid, Scholarship Loan Program-FF:
Romesburg explained this is a request for "forward funding" because by the time the Legislature approves their budget and the Governor acts on it, it is usually July. Brief discussion.

616 Student Financial Aid, WICHE-Student Exchange Program:
Romesburg advised there is an increase in grants. He advised that to fund continuing students they need \$558.7. He said they will not be able to fund all students that apply for the program. He said they have come up with a program they will use if they don't get full funding (see attachment #3). Scott reminded the Committee that this money does not go to the student, it goes to institutions participating in the WICHE program and gives the student a break in the price he pays in tuition.

738 Meekins stated the Committee would receive information on the fiscal impact of HB 2 ("An Act relating to mentally ill patients; and providing for an effective date."). He said the bill was not referred to the Finance Committee, but it did have a rather large fiscal impact. Representative Parr briefly explained the bill.

HB 2
FISCAL NOTE
DISCUSSED

HFC 79-87 Side 1

001 Duncan stated he thinks the Committee needs to know more about the bill and how they are going to spend the money. Parr said the bill primarily gives a mentally ill person his constitutional right of liberty. He said it is to see that due process is allowed and make sure a person's rights are protected when he is committed to an institution. Meekins requested that further discussion on the fiscal note be held until later in the day. Representative Parr had no objection to having the bill taken off the floor calendar for one day in order that finance members could have an opportunity to review the bill and fiscal note.

306 The meeting adjourned at 10:00 a.m.

ADJOURN

Tape HFC 79-86 Side 1 #523 to end
Side 2 #001 to end
79-87 Side 1 #001 to 306

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ALASKA HISTORICAL COMMISSION

FY79 PROJECT SUMMARY

OFFICE OF THE GOVERNOR

* = yet to be approved

() = not yet charged against FY79

<u>Type of Activity</u>	<u>Title</u>	<u>Principal or Grantee</u>	<u>Fiscal Participants</u>	<u>Cost</u>
1. Research <u>and</u>	Forest History of Alaska (USFS AK Region)	Lawrence Rakestraw Michigan Tech Univ	AHC (USFS 33.3 FY68-70)	2.9 (.7)
2. Editing	(same title as above)	Ronald J. Fahl, Editor Forest History Magazine	AHC	(2.0)
3. Research	Haines: A Century in One Alaskan Town	Doris Ward & Assoc. Haines Centennial Comm.	AHC (1.5 FY78) Publication by HCC FY80	2.7
4. Research	Puyuk Project (Life and Work of Della Keats, Kotzebue)	Jane Pender Fairbanks	AHC Publication by J. Pender	.8
5. Research	Oral & Pictorial History Fishing in SE Alaska	George Figdor & Stephen Levi, Haines/supervision Alaska State Libraries	AHC Alaska Humanities Forum Grant of 20.0	1.7
6. Research <u>and</u>	Bibliography of Archival Material Concerning the Alaska Diocese, Orthodox Church in Alaska	Barbara Smith, Archival Consultant, Anchorage with Alaska Native Foundation	AHC (1.5 FY78)	(1.0)
7. Publication	(same title as above)	Alaska Historical Commission	AHC	(5.0)
8. Editing <u>and</u>	Bellarmino LaFortune, S.J.: Pioneer Missionary to the Eskimos of Bering Strait	Louis Renner, Fairbanks, author Dorothy Jean Ray, Port Townsend, collaborator; George Sundborg, Seattle, editor	AHC will apply Humanities Forum 1.0 encumbered FY78	(1.0)
9. Publication	(same title as above)	Alaska Historical Commission- Alaska Humanities Forum Joint Publication Series (Number One)	AHC AK Society of Jesus 5.0 Humanities Forum 9.0	5.0
10. Research <u>and</u>	Filipino Alaska: Part Two (Part One FY76-78 by S.E. Liljeblad, AHC Staff)	Leticia Salazar Constantino Ministry of Educ and Culture Manila, The Philippines	AHC (4.0 FY78)	3.0
11. Publication	Filipino Alaska: Parts One and Two	Sue E. Liljeblad (AHC Staff) and Leticia Salazar Constantino	AHC	(7.5)

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Attachment #1

ALASKA HISTORICAL COMMISSIONFY79 PROJECT SUMMARYOFFICE OF THE GOVERNOR

<u>Type of Activity</u>	<u>Title</u>	<u>Principal or Grantee</u>	<u>Fiscal Participants</u>	<u>Cost</u>
12. Publication	*The Shipwreck of the Neva: Translation of Three Ac- counts (Bengh, Podushkin, Golovnin)	Antoinette Shalkop, Translator, Anchorage	AHC Challenge Grant to AK Historical Society & Sitka Historical Society	(2.5)
13. Publication	"Alaska In Perspective" Mailed to 390 Schools, 84 Libraries, and 49 Historical Societies, and AK News Media	AHC S.E. Liljeblad, editor of series	AHC FY78 two issues FY79 four issues	(1.5)
14. Publication	Alaska History News (same addressees as above)	George Hall, editor AK Historical Society	AHC Office of History and Archaeology (Parks) 5.0	2.5 (1.2)
15. Publication	*The Archaeology and History of Kolmakovskiy Redoubt	Wendell Oswalt, Uni- versity of California, Los Angeles to be pub- lished as AHC and UCLA Institute of Archaeology Joint Publication	AHC Institute of Archaeology (15.0)	(5.0)
16. Research	*"Gold Rush: The Migration To Alaska From 1890-1900" Computer analysis of all people migrating to Alaska 1890-1900, monograph on migration, and bibliography of published and unpublished sources for this period in Alaskan history	R. Christian Johnson University of Washington Center for Studies in Demography & Ecology	AHC National Endowment For The Humanities 30.0 ARCO Foundation 24.0	(6.0)
17. Research	*A Centennial Mining History of Juneau (a narrative, bio- graphical, and photographic record)	David & Brenda Stone Anchorage and Juneau	AHC Publication proposed by Juneau Centennial Committee (12.0)	(5.0)
<u>THE SEA IN ALASKA'S PAST PAPERS</u>	A Maritime History Conference U of A Anchorage Campus September 7-8, 1979		Joint Sponsorship by Parks' Office of History & Archaeology, AK Historical Society and AHC	

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<u>Type of Activity</u>	<u>Title</u>	<u>Principal or Grantee</u>	<u>Fiscal Participants</u>	<u>Cost</u>
18. Research	*Catalog of Alaska's Historic Maps Prior to U.S. Purchase	Marvin W. Falk U of A, Fairbanks	AHC Rasmuson Library, UAF (1.2)	(1.2)
19. Research	*The Alaska Territorial Shipping Board	Ronald L. Lautaret U of A, Anchorage	AHC UAA Library	(.5)
20. Research	*British Gunboat Diplomacy in Alaskan Waters, 1862 and 1879	Barry M. Gough Wilfrid Laurier University Waterloo, Ontario	AHC	(.5)
21. Research	*The Sinking of the Princess Sophia: A New View	Mary Lou Spartz Juneau	AHC	(3.5)
22. Research	A Computer-Calendar Index Records of Alaska Collector of Customs 1867-69	M. Joseph Leahy Ak. Historical Library Juneau	AHC	(3.2)

FY79 COMPENDIUM AND TEXT MATERIALS PROJECT: PHASE ONE

Planning	Consultation with Textbook Publishers by Commission's Executive Director	October 6-21, 1978	1.0
Planning	Publication Seminar	November 1, 1978-Anchorage 30 Participants: Urban & Bush Teachers; Curriculum Specialists; Media Representatives; Agencies Producing Materials on Alaska, etc.	3.4
Planning	Statewide Survey of Teachers, Librarians, Curriculum Specialists, Native Cultural Organizations, Historical Societies and Agencies	March-April, 1979 Mailing and Return of approximately 1,000 questionnaires to determine priorities in the generation of classroom materials	1.5
Research	Implementation of Priorities	May-June, 1979	(29.1)

ALASKA HISTORICAL COMMISSIONFY80 PROJECT SUMMARYOFFICE OF THE GOVERNOR

<u>Type of Activity</u>	<u>Title</u>	<u>Principal or Grantee</u>	<u>Fiscal Participants</u>	<u>Cost</u>
Publication	Forest History of AK by L. Rakestraw	Alaska Historical Commission	AHC	14.5
Publication	Alaska In Perspective Mailed to 390 Schools, 84 Libraries, and 49 Historical Societies, and Alaskan News Media	S.E. Liljeblad, editor of series	AHC FY80 four issues	1.5
Publication	Alaska History News (same addressees as above)	George Hall, editor Alaska Historical Society	AHC AK Office of History and Archaeology (Parks) 5.0	2.5

FY80 COMPENDIUM AND TEXT MATERIALS PROJECT: PHASE TWO

Research	General Editor (Commission's Executive Director) contracts, where feasible, with those specialists capable of accomplishing the research and text materials determined to be priorities	AHC	37.1
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ALASKA STATE COUNCIL ON THE ARTS
BUDGET SUMMARY—FISCAL YEAR 1979

INCOME		authorized to receive	% of total budget
State funds, restricted (administration)		\$ 232,900	17.9%
State funds, restricted (line-item legislated appropriations):			
Alaska Indian Arts	\$ 35,950		
Alaska Repertory Theatre	\$125,755		
Arctic Chamber Orchestra	\$ 14,320		
Visual Arts Center of Alaska	\$ 83,405		
Total state funds, restricted (line-item legislated appropriations)		\$ 259,490	19.9%
State funds, unrestricted (grants and programs)		\$ 192,310	14.8%
Total State Funds		\$ 684,700	52.6%
Federal funds, restricted:			
Alaska Native Maskmaking workshop	\$ 8,200		
Alaska Repertory Theatre statewide tour	\$ 13,900		
Artists In Schools	\$106,860		
Community Arts Agency Conference	\$ 20,000		
5 by 2 Plus Dance Company residency	\$ 18,845		
North Carolina Dance Theatre residencies	\$ 13,500		
Program Development, Arts Alaska, Inc.	\$ 17,700		
Ririe-Woodbury Dance Company residency	\$ 3,300		
Gene Tucker residency	\$ 2,170		
Unconfirmed (programs applied for)	\$127,625		
Visual Arts Center of Alaska	\$ 3,000		
Writer-in-residence	\$ 13,100		
Total federal funds, restricted		\$ 350,300	26.9%
Federal funds, unrestricted:			
Basic State Agency Grant	\$233,250		
Small Groups Program	\$ 33,650		
Total federal funds, unrestricted		\$ 266,900	20.5%
Total Federal Funds		\$ 617,200	47.4%
TOTAL BUDGET		\$1,301,900	100.0%

ALLOCATIONS		Allocated	% of total budget
ADMINISTRATION		\$232,900	17.9%
GRANTS			
Community Arts Agency Block Grants	\$ 43,630	3.3%	
Cultural Heritage Grants	\$ 67,190	5.2%	
Dance Grants	\$ 36,615	2.8%	
Literature Grants	\$ 0	0.0%	
Music Grants	\$ 42,600	3.3%	
Special Projects Grants	\$116,710	9.0%	
Theatre Grants	\$143,645	11.0%	
Visual Arts Grants	\$127,375	9.8%	
Total Grants	\$577,765	44.4%	
PROGRAMS			
Education Programs:			
Artists-In-Schools	\$133,200	10.2%	
Literature Programs:			
Short Fiction Competition	\$ 5,090	0.4%	
Writer-in-residence	\$ 18,870	1.4%	
Total Literature Programs	\$ 23,910	1.8%	
Performing Arts Programs:			
Alaskan Shows To Go	\$ 25,630	2.0%	
Music Composition Competition	\$ 3,260	0.3%	
Piano Maintenance	\$ 1,400	0.1%	
Program Service	\$115,095	8.8%	
Total Performing Arts Programs	\$145,385	11.2%	
Visual Arts Programs:			
Alaska Contemporary Art Bank Acquisitions	\$ 11,100	0.9%	
Alaska Contemporary Art Bank Circulation	\$ 3,240	0.2%	
Collaborative Works of Art Competition	\$ 5,035	0.4%	
Public Art Technical Assistance	\$ 6,100	0.5%	
Total Visual Arts Programs	\$ 25,565	2.0%	
Special Programs (funding confirmed):			
Community Arts Agency Conference	\$ 26,100	2.0%	
Assistance for Individual Artists	\$ 2,815	0.2%	
Mini-Workshops	\$ 2,350	0.2%	
Total Special Programs (confirmed)	\$ 31,265	2.4%	
Special Programs (funding unconfirmed)	\$127,625	9.8%	
FUNDS AVAILABLE FOR ADDITIONAL GRANTS AND PROGRAMS	\$ 4,795	0.3%	
TOTAL BUDGET	\$1,301,900	100.0%	

If funding is not sufficient to cover all applicants in all fields, the Commission must decide who is to receive WICHE support. Methods recommended in the past will not suffice, because the difference between funds needed and funds available may be too great. Therefore, staff has developed a weighting system to provide funding priority assignment. This system is based upon two factors -- manpower demand which was obtained from Alaska Department of Labor projections, and student demand which was generated from application levels.

Following in Table I are the resulting weights and final ranking for each field.

TABLE I

Field	Demand Weighting			Priority Ranking
	Manpower	Student	Total	
Medicine	8.3	157.0	165.3	6
Dentistry	10.7	133.0	143.7	8
Veterinary Medicine	-	138.0	138.0	10
Optometry	-	143.0	143.0	9
Graduate Library Studies	12.1	250.0	262.1	3
Physical Therapy	13.6	100.0	113.6	14
Pharmacy	6.9	167.0	173.9	5
Dental Hygiene	30.0	100.0	130.0	12
Forestry	3.2	70.0	73.2	15
Law	9.6	108.0	117.6	13
Public Health	-	400.0	400.0	2
Occupational Therapy	13.6	200.0	213.6	4
Graduate Nursing				
Education	13.5	500.0	513.5	1
Architecture	7.8	125.0	132.8	11
Podiatry	-	150.0	150.0	7

Staff Recommendation: Until funds available are exhausted:

- (a) fund all continuing students in all fields
- (b) fund one new student in each field
- (c) fund all remaining new students in fields based upon the priority deferment in Table I above, beginning with Priority 1 and continuing to Priority 15.

In determining which student is to be funded when there is more than one choice, priority will be based upon school acceptance date within fields.

ESTIMATED EMPLOYMENT DEMAND
FOR SELECTED OCCUPATIONS
1979-1983

Occupational Field	Employment		Average Annual Openings
	1979	1983	
Medicine	481	628	40
Dentistry	149	203	16
Veterinary Medicine			
Optometry			
Library Studies	348	446	42
Physical Therapy	199	284	27
Pharmacy	116	122	8
Dental Hygiene	50	81	15
Forestry	182	203	6
Law	879	1,175	84
Public Health			
Occupational Therapy	See Above	See Above	See Above
Nursing	1,559**	2,045**	211
Architecture	448	587	35

Obtained from "Occupational Supply & Demand", published by the Alaska Department of Labor, July, 1978.

HOUSE FINANCE COMMITTEE
March 23, 1979
1:35 p.m.

All members of the Committee were in attendance, except Representatives Freeman and Rogers. Representatives McKinnon, Haugen and Rogers arrived later in the meeting. Also in attendance: Representative Charlie Parr; Rocky Plotnick, Administrative Assistant to Representative Parr; Thomas R. Branton, Assistant Director, Division of Mental Health and Development & Disabilities, Department of Health & Social Services; and from Department of Education: Bill Thompson, Director, Management, Law & Finance; Kerry Romesburg, Executive Director, Post Secondary Education; Marilou Madden. Also present: John Crandall, Administrative Assistant to Chairman Meekins; John Lucas and Dave Scott, Budget Analysts, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and brought HB 2 up for discussion, noting it has not been referred to the Finance Committee.

HB 2 - "An Act relating to mentally ill persons;
and providing for an effective date."

HB 2

Representative Parr stated this is a question of the law being unconstitutional regarding involuntary commitment. He added, the present system, aside from being unconstitutional, can stand some improvement. He commented on the hearings before the Judiciary Committee. He discussed the provisions under the existing statute for involuntary commitment.

Representative Montgomery asked how many cases were referred to Alaska Psychiatric Institute in this manner last year. Tom Branton answered there were 216 cases submitted under a court order commitment. He noted the court can override the physician.

Representative Duncan commented they are talking about over \$900.0 in the fiscal note, and the biggest portion comes up in facilities. Representative Parr stated the real cost comes from the cost of taking care of the person. He discussed a letter of intent regarding expansion of facilities throughout the State. Representative Duncan asked about the \$50.0 cost of designated facilities, and Mr. Branton advised, in Juneau, it would be Bartlett Memorial Hospital. He stated, what this does, is provide a reimbursement to the facility--for a paid representative --to assume the responsibility of this care as a designated facility.

[Representative McKinnon arrived at this time.]

Representative Duncan asked about the additional \$600.0 in claims. Mr. Branton responded, at the present time, API is the only designated facility in the State. Representative Duncan asked why the money from API couldn't be turned over to the designated hospital, and Mr. Branton explained this wouldn't change the way API is staffed or how it is designated. There was further discussion on State designated facilities and fixed costs.

[Representative Haugen arrived at this time.]

There was discussion on the \$100.0 cost for Fairbanks and Juneau for 1980. Mr. Branton pointed out there is an additional \$400.0 to provide for screening patients that must take place before the involuntary commitment. He advised this would give the State 10 facilities that can provide this necessary screening. He added the bill provides for a mandatory screening. He advised those communities they have in backup are Valdez, Homer, Kordova and Nome. He stated they need additional resources to provide the screening process; they already have community health centers.

Representative Parr noted the original fiscal note was for \$21 1/2 million and that the Judiciary CS fiscal note has been reduced considerably. Chairman Meekins referred to the three-page Judiciary fiscal note and asked, since the FY 81 figure is so low, would it become part of the regular program cost. John Lucas explained that the increase in the patient load will increase at all these mental health clinics, but this should be in the grants column.

Chairman Meekins asked what increases in spending would be incurred by the passage of the bill. Mr. Branton responded it would be better to evaluate this, and they may have to realign.

[Representative Rogers arrived at this time.]

Chairman Meekins noted the State has community health programs now and that, perhaps, they are not being utilized. During discussion, he stated the question is why this is needed in FY 80 and not in FY 81. Mr. Branton advised this would have to be phased down. Mr. Lucas explained the \$50.0 in the fiscal note for FY 80 in contractual is for two facilities, and there is no contract for the next year. Mr. Branton advised a per diem adjustment will be picked up, that this is essentially to be looked at as start-up money. Representative Parr commented on having to "bribe" a facility to become a designated facility, that they don't really operate on a money-making basis.

Chairman Meekins asked Representative Parr for a verbal sketch of the bill. In discussing voluntary commitment, Representative Parr stated, under the age of 14, a person is admitted by the parents. In response to a question from Representative Guy, Representative Parr replied both Health and Judiciary came up with the age of 14. Discussing the voluntary process, Mr. Branton advised this is essentially the same, that the problem is in converting voluntary to involuntary and holding this patient. He stated they just don't have the facilities. Representative Duncan asked why the facilities can't accept these involuntary patients, and Mr. Branton explained it is because they need someone who is willing to take that additional responsibility for these patients. There was further discussion on the current facilities not having the the proper facilities to handle the involuntary patients.

Representative Parr distributed to Committee members a handout (see Attachment 1) dealing with involuntary admission. He pointed out it begins with the initiation of petition and explained the involuntary process step by step.

He discussed the 90-day commitment and the 90-day commitment hearing and the successive 120-day commitment and 120-day commitment hearing. He stated this provides that, if additional commitment is necessary after 120-day commitment, another hearing is mandatory. Mr. Branton commented a person would most likely stabilize during the initial 14-day commitment and then would become voluntary. Representative Parr noted 7-10 days is the average stay at API. Discussion followed, with Mr. Branton stating the patients respond under a controlled environment with the psychotropic drugs. He added, psychiatric institutes have become treatment centers.

Representative Montgomery noted the thrust of the bill is the protection of the involuntary patient's rights. Representative Parr stated this is true, that there is nothing in the existing law that the patient has his rights explained to him in his native language nor is there provision for successive 120-day commitment hearings nor the discrimination sections contained in HB 2. He added there is provision in the bill to take care of those incompetent, etc.

Representative Montgomery questioned if they did not address designated facilities. He commented he does not like the fiscal note--does not think it is correct. He asked if the the services that Representative Parr outlined couldn't be provided to show a zero fiscal note. Representative Parr stated the fiscal note could be reduced, but not to zero, as it has to provide for the court hearings.

Representative Duncan noted the court and public defender costs and stated the bill is written so that these patients can stay in their own communities instead of going to API. Representative Parr indicated this is true. He added this is a policy thing, that API could be used if they stick to what they have now. However, he noted they get better treatment with better results if the patient can be treated in his home environment. Representative Duncan pointed out the rural areas of the State are not addressed until 1984. Representative Parr referred to a letter to Commissioner Helen Bierne, dated March 17 (see Attachment 2). He noted the order in which these facilities are established is the recommendation of the Department.

Chairman Meekins summed up that Representative Parr's statement is that the existing statute is unconstitutional. He stated this is one thing, and he doesn't have any problem with this. He added the other policy question is whether the treatment should be community based and whether they want to address this this year. Representative Parr commented, if there are not designated facilities, the procedure will limp along the best it can. There was discussion on the Finance Committee's priorities and prerogatives and on fiscal notes for HB 2.

[The meeting recessed at 2:40 p.m. and reconvened at 2:55 p.m.]

RECESS

Chairman Meekins moved to prepare a Finance Committee fiscal note deleting those portions dealing with reorganization. He noted this would save about \$837.0 this year. The question was called for, and the motion carried (six in favor; none opposed). He also noted HB 2 would be addressed by the House on Tuesday.

FINANCE
FISCAL NOTE
FOR HB 2

Chairman Meekins advised the Committee would continue with the EDUCATION budget hearings.

EDUCATION
BUDGET

Student Financial Aid, Student Incentive Grant Program:

Kerry Romesburg advised this program was initiated last year. He noted the \$329.0 Total Expenditure request figure is incorrect. He stated it should be \$240.8; \$120.4 federal receipt and \$120.4 general fund match. He advised they can't use what they don't match, so this will be turned back to the federal government. He noted this is a need-based program and that they can't be a graduate to be eligible. There was brief discussion on the question by Representative Montgomery on "double-dipping".

Representative McKinnon asked why this program instead of the student loan program, and Mr. Romesburg replied because this is a grant. He added they go on the current financial status of the student. There was discussion on the financial requirements. Mr. Romesburg noted they have a computer printout that states what each family should give the student.

Post Secondary Education Commission, General Administration:

Mr. Romesburg advised the difference between the request and the Governor's figures is one position. He stated they analyze the University budget and give recommendations to the Legislature. Commenting on the #2 Research Assistant position, Mr. Romesburg stated the funds are in there, but the position was deleted by the Governor. He advised these are all federal receipts; no State funds. He stated this was done through RP; the person is there now. He stated they would like the 9 full-time people to increase to 10. He noted they are not changing any dollar figures at all.

Mr. Romesburg advised the \$50.0 difference in contractual is still there; it was moved to resources. He noted the \$53.4 Governor's figure in travel is less than the request and the FY 78 and FY 79 authorized. He pointed out \$22.6 is federal money, largely for VA travel, which leaves \$30.0 for Commission travel (13-member board). He added this does not leave any travel for institutions. He stated the rest of the budget they have no problem with. In response to a question, he advised the Commission must meet quarterly and that he is not one of the 13 Commission members.

Student Financial Aid Administration: Mr. Romesburg advised there are 17 people here, and no additional positions requested because they are going on line. He noted the contractual is cut way back from an estimate they received from Data Processing. In response to a question, he stated 3,656 loans were made last year.

Adult Education & Vocational Training, Adult Basic Education:

Marilou Madden advised the first pages deal with grants. She stated ABE is essentially a maintenance budget. She advised there are three uncovered regions in the State. She stated basically the community college programs are funded by this program and are grants or regrants. She advised a lot of money comes to the Department from the federal government. Chairman Meekins requested Ms. Madden provide a list of where the grants go. She indicated she would have this by Tuesday.

REQUEST

Dave Scott noted ABE is double budgeted; shown once as expenditure and once as a receipt and explained why.

Representative Montgomery requested a list showing the number of people handled.

REQUEST

Fire Service Training: Ms. Madden advised essentially this upgrades fire training skills; i.e., they learn how to treat oil fires.

Representative Duncan requested backup on the \$15.0 for the transfer from Skagway to Kenai; also for the \$25.0 for re-establishment of the oil training program at Kenai. Mr. Scott pointed out the \$15.0 is part of the \$91.4.

REQUEST

Chairman Meekins made a blanket request that Ms. Madden provide a list of what grants were provided in FY 79 for the whole BRU.

REQUEST

Adult Vocational Education: Ms. Madden advised this is being run from the Seward Skill Center. She stated this is only the second year of English as a Second Language program. She stated it is a developmental program.

Community Schools Planning: Ms. Madden advised this is much the same as the earlier bilingual program.

CETA Vocational Educational Grants: Ms. Madden stated this is distributed to students who need to become eligible for CETA.

Grants Administration: Ms. Madden stated this is maintenance except for commodities. Representative Montgomery asked if they couldn't utilize federal funds for this, and Ms. Madden replied CETA chose to put this in grants instead of administration. She noted ABE is the only one where there is any federal money other than CETA used for administration. There was brief mention of the \$15.0 transfer from CETA to general fund. Representative Duncan asked if the Clerk Typist III position was filled, and Ms. Madden indicated no.

Skill Center: Ms. Madden advised this is primarily a maintenance budget with the exception of personal services. She explained the increase there is being used to cover negotiated raises. She also mentioned a slight increase in contractual. Chairman Meekins brought up the question of a \$200.0 shortfall, and Ms. Madden advised, at this time, there is no shortfall. Representative Montgomery questioned enrollment, and Ms. Madden replied enrollment is 237 students, which is the highest in the Seward Skill Center.

Representative Rogers asked about the \$191.3 for negotiated contracts. Ms. Madden advised this represents about 18%. She discussed the rising cost of living and advised this has been under for the past few years.

Representative McKinnon asked about working with the Kenai Community College. Mr. Scott noted neither the skill center nor the community college has sent copies of the contract in terms of implementation. Chairman Meekins requested this be provided the Committee. Ms. Madden indicated the Committee would have this by the end of the day.

REQUEST

Representative Montgomery asked about the provision for room and board. Ms. Madden advised most of them live there. She stated the agency pays for the room and board and that they don't usually take those under 18. Representative Montgomery noted this works out to over \$15.0 per student per year. Ms. Madden advised they have constructed their own dorms and don't use the hotel anymore.

Vocational Rehabilitation, Counseling & Placement: Pat Young, Deputy Director, Vocational Rehabilitation, commented on the budget amendment and minimum federal funding. He advised the budget amendment shows an 18% reduction in the federal funds recieved. He stated they have requested to keep about \$300.0 of additional federal money received. Chairman Meekins brought up the \$150.0 for VocRehab included in the "Christmas Tree" bill, HB 94. Mr. Young stated they would be in good shape with this.

Mr. Young noted, in the Governor's column, the federal receipts figure should be \$1,349.7, and general fund match should be \$263.9, with \$510.0 for other general fund. Mr. Scott announced those figures have already been included in the cutsheet and in the books the Committee will be using for markup on Tuesday. Chairman Meekins recapped what Mr. Young is saying is there is a savings due to the State because of the federal funds captured.

Services to Clients: Mr. Young advised these are the funds that actually go to the handicapped persons. He stated the additional monies are plugged in here.

Administration: There was brief discussion on the question of a negative salary adjustment.

Specialized Facilities: Mr. Young stated this is where they hope to expand services, and with receipt of the additional federal funds, they would like to place a portion of that money here. He advised this provides increased service to the blind and the deaf. He stated they had \$105.0 for specialized grant funds that could be plugged in each year. The administration, he commented, stated the program is good, but shouldn't have all the positions. The grant request allows them to take an additional year's look at this, he advised. Representative Duncan questioned the positions with footnotes and asked if those positions were currently filled, and Mr. Young indicated no.

Disability Determination: Mr. Young noted this is 100% federally funded.

Employment of the Handicapped: Mr. Young advised of the Employment Committee consisting of 12 members appointed by the Governor each year. He stated this was under the Department of Labor.

General Education: Mr. Young advised of a new program that will be in the amendment, "Independent Living Rehabilitation" or ILR. He advised \$55.5 will earn \$495.0 in federal funds. He stated they have not received the regulations at this time, but that this is included in the new Act.

Project ETA: Bill Thompson advised this is a four-year funded project and that it is basically federally funded with general fund match. He commented the local match increased over the three years. He discussed the RP process, the cost to the districts and those things that are considered rote. He also commented on what is provided this year in the development project.

Bob Bramball gave an overview of the project. He stated it deals with sites for the computer mail system. He advised there 27 links up now, and within six weeks, they should have all but two districts--Mountain Village and Pribilof Island--on the system. He indicated by the fall they should be able to reach those two sites. He stated this is an information system providing linkage to national data bases in the instructional area.

Representative Rogers asked about data processing charges. Mr. Bramball stated this is a reimbursable included in the budget. He advised this one of the three model federal projects. He stated this pertains to ninth and tenth grade students. Angoon and Yakatat, he advised, are two pilot programs. He briefly discussed the two programs. In discussing the program equipment, he stated the students can handle this themselves, as it is just like 45 rpm records. He stated it is not just TV education; it includes all the data necessary and the backup.

There was brief discussion on the district's participation in this federal, State and local program.

The meeting adjourned at 4:10 p.m.

ADJOURN

Tape HFC 79-87 Side 1 #306 - End
 Side 2 #001 - End
 HFC 79-88 Side 1 #001 - End
 Side 2 #001 - #222

HB 2
involuntary
admission

start here

initiation of
petition

Judicial
Ex parte
Order in
48 hrs.

OR

Emergency
Detention

immediate release
if found okay

patient mentally & physically examined & evaluated within 24 hrs.
is notified of his rights - can be held 72 hrs.
a peace officer completes application for evaluation
for emergency detention - then an ex parte order must
be obtained by a Mental Health Professional

probable cause hearing
within 72 hrs. - to
hold for 14 days

Release

treatment
facility

less restrictive
alternative

Release

Petition for 90-day commitment
& 90-day commitment hearing

treatment
facility

less restrictive
alternative

Release

Release

treatment
facility

petition for 120-day commitment
& 120-day commitment hearing

less restrictive
alternative

Release

if additional commitment is necessary
after 120-day commitment - another
hearing is mandatory



Official Business

Alaska State Legislature

House of Representatives

Committee on Judiciary

Pouch V
State Capitol
Juneau, Alaska 99811

March 17, 1979

Dr. Helen Beirne, Commissioner
Department of Health and Social Services
Pouch H-01
Juneau, Alaska 99811

Dear Commissioner:

The House Judiciary Committee has given careful consideration to your department's fiscal note for House Bill 2. Some changes have been made in the bill and a Committee letter of intent has been attached.

The Committee finds that the following portions of the fiscal note are no longer applicable:

Loss of Third Party Revenue (Bill has been changed to permit its collection.)

Criminally Insane (Department of Law has revised its opinion regarding the Alto decision, and the bill now includes a special section for the criminally insane.)

The Committee refused to accept Unrelated Fiscal Problems as part of the fiscal note. Since they are unrelated they should be dealt with in separate legislation.

It is the Committee's view that the number of persons being committed for institutional care should not increase as a result of HB 2, and may well decrease. Nor is it anticipated that there will be an increase in the number of persons being given out-patient care as a result of HB 2. This part of the fiscal note (Additional Manpower for CMHC's and Discharge Costs) should be reconsidered.

Finally, the almost \$2.5 million shown in the fiscal note as Cost of Designating Facilities should be reviewed in light of the Committee letter of intent (enclosed).

The Committee requests a revised fiscal note in the usual form, showing costs for the various fiscal years.

CC: Budget & Management
Rep. Russ Meekins
Sen. John Sackett

Sincerely,

Charles H. Parr
723 Charles H. Parr
Chairman

Attachment 2

3-23-79



Official Business

Alaska State Legislature

House of Representatives

Committee on Judiciary

Pouch V
State Capitol
Juneau, Alaska 99811

March 17, 1979

The Honorable Terry Gardiner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In recommending passage of HB 2, it is the intent of the Judiciary Committee that:

1. No funds be diverted from existing community mental health centers to carry out this legislation.
2. Not all facilities be designated at once, rather that the designation program start with a few key facilities and expand as agreements can be negotiated and funds become available.
3. In designation of facilities consideration should be given to surplus capacity in existing hospitals and medical facilities.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles H. Parr".

Charles H. Parr
Chairman

Department of Health and Social Services

FISCAL NOTE

HOUSE BILL 2

Assumptions: The intent language in House Bill 2 emphasizes treatment close to home, least restrictive alternatives and protection of civil rights. After discussion with legislative committees, certain assumptions regarding the implementation of this legislation have been expressed. The following is a list of those assumptions as perceived by the Department of Health and Social Services.

- I. Treatment facilities in local communities should be designated to care for the mentally ill.
- II. Involuntary patients should not have to pay for their hospitalization.
- III. There should be no diversion of resources from the present community mental health services system to implement this act.
- IV. The procedures in this act would be equally applicable to all persons committed under Title 12 as criminally insane, including the patients at Atascadero.
- V. There are fiscal impacts in the Division of Mental Health and Developmental Disabilities unrelated to this legislation but which have a profound effect on the Division's ability to implement this act. These are related to Medicaid and reduction of funding at Alaska Psychiatric Institute.

With these assumptions in mind, the following fiscal impact is projected.

- I. Cost of Designated Facilities: After extensive attempts to designate facilities in the past and in discussion with local hospitals and the Alaska Hospital Association, it becomes evident that to expect the 18 local hospitals in Alaska to become designated evaluation and treatment facilities without additional resources would be unrealistic. Assuming that these 18 local, autonomous facilities would accept designation, the following is the minimum cost of designation:
 - A. The 18 facilities are Ketchikan General Hospital, Mt. Edgecumbe PHS Hospital, Bartlett Memorial Hospital in Juneau, Cordova Community Hospital, Valdez Community Hospital, Seward General Hospital, Central Peninsula General Hospital in Soldotna, South Peninsula Hospital in Homer, Valley Hospital in Palmer, Providence Hospital in Anchorage, Kodiak Island Hospital in Kodiak, Kanakanek PHS Hospital in Dillingham, Bethel PHS Hospital, Barrow PHS Hospital, Fairbanks Memorial Hospital, and Tanana PHS Hospital.

- B. At each of these facilities accepting designation there would have to be at a minimum of one full time mental health professional at a cost of \$36,000/year + 25% fringe benefits + \$5,000 administrative support services = \$50,000 per unit. Cost of designating all 18 facilities = \$900,000. Cost of designating fewer facilities would not necessarily decrease costs as utilization would increase in designated facilities.
- C. At each facility we will have to have at least one bed reserved for the mentally ill X 365 days X 18 designated facilities - 6,570 bed days X \$185.00/day = \$1,215,450.
- D. Incidental costs for each hospitalized patient is estimated at \$30.00 per patient day (includes medications, lab fees, etc.). Cost of incidental fees - (Average evaluation and treatment period at local level = 7 days. Probable number of patients to be seen for evaluation and/or treatment 1,500. Currently we are seeing approximately 1,000 involuntary patients in the community. Because of the ex parte feature we expect an additional 500 admissions currently being handled informally by community mental health centers, 250 directly to API and 250 to other designated facilities.) 7 days X 1,250 patients X \$30.00/patient day = \$262,500.
- E. House Bill 2 provides for discharge clothing and a reasonable amount of money to meet patients' needs on discharge if patient is indigent. We project, based on current patient data, that 40% of involuntary commitments meet this criteria. 40% X 1,500 patients X \$160.00/per patient = \$96,000.00.
- II. Loss of third party revenue would be reimbursed to local hospitals under Section I. Loss of third party revenues to Alaska Psychiatric Institute are estimated at \$1,000,000.00.
- III. Assuming there would be no diversion of resources from the overburdened community mental health system to implement this act, there is good reason to believe that the increased involvement in inpatient care, the need to provide advocacy for patients, the increased involvement with the designated treatment facilities to arrange quickly for alternatives would increase the work load. We believe that at a minimum, the community mental health centers having only one (1) professional staff person would probably need an additional professional staff person in those areas with a high volume of involuntary patients. We estimate eight (8) professionals X \$50,000 = \$400,000.
- IV. According to the Attorney General the Alto decision will result in the State having to provide substantially the same procedural safeguards during criminally insane commitments under Title 12 as those civil commitments under Title 47. The Attorney General believes that defense attorneys will require their defendants to be in the State at least 30 days prior to the 120 day mandatory hearing to prepare for the hearing.

Since 10 to 12 Title 12 committed patients are being treated at Atascadero State Hospital in California at any one time, the logistics and time required away from patient care for Atascadero Hospital staff would result in a cancellation of our agreement with Atascadero State Hospital. Currently there are no facilities in Alaska offering an Atascadero-type program so either a new facility would have to be built and staffed or Alaska Psychiatric Institute adapted to provide for this care. The cost is difficult to estimate since it involves major capital expenditures and staffing to be geared to the peculiarities of the physical plant. However, ball parking:

Option I: Free standing facility

Construction cost \$350,000/bed for medium security facility.

20 beds X \$350,000/bed = \$7,000,000

Staff for 20 bed facility at approximately \$35,000/annum
X 50 staff = \$1,750,000

Operational costs estimated at \$500,000

Total \$9,250,000

Option II: Remodel Alaska Psychiatric Institute

Remodel wing \$150,000/bed for medium security

14 beds X \$150,000/bed = \$2,100,000

Staff for 14 bed facilities = 20 X \$35,000/annum = \$700,000

Operational costs at \$200,000

Total \$3,000,000

V. Unrelated fiscal impacts which would affect implementation of this bill:

- A. A change in the interpretation of Title XIX regulations as they apply to mental health patients has resulted in an estimated 75% reduction in Medicaid receipts. The financial impact of this change in the State General Fund is a net reduction of \$675,000 in collectable receipts. Consequently, assistance from federal resources to implement this bill is no longer available.
- B. Alaska Psychiatric Institute would be able to absorb the expected increase in admissions from this bill were API fully staffed and fully operational. API presently has separate wards with a maximum capacity of 123 patients. The Governor's budget includes a \$400,000 net reduction in personnel at API as well as a \$426,000 V & T factor. This translates into approximately 50 FCN's. (See separate position paper regarding this.) This cut in personnel would have to be restored to

manage the increased court involvement, added population of 14 to 18 year olds now going through a civil hearing process, and the increased admissions from the Anchorage area (half of of API's admissions are from the Anchorage area).

COST SUMMARY

I. Cost of Designating Facilities:	<u>Option I</u> (Free Standing Security Facility)	<u>Option II</u> (Remodel API)
A. Additional manpower	\$ 900,000	\$ 900,000
B. Prepaid bed	\$1,215,450	\$1,215,450
C. Incidental Hospital Costs	\$ 262,500	\$ 262,500
D. Discharge Costs	\$ 96,000	\$ 96,000
II. Loss of Third Party Revenue	\$1,000,000	\$1,000,000
III. Additional Manpower for CMHC's	\$ 400,000	\$ 400,000
IV. Criminally Insane	\$9,250,000	\$3,000,000
V. Unrelated Fiscal Problems		
A. Loss of Medicaid Receipts	\$ 675,000	\$ 675,000
B. Restore API to Maintenance	\$ 857,000	\$ 857,000
	\$14,655,950	\$8,405,950

Thomas D. Beirne
Verner Stillner, Director
Division of Mental Health and
Developmental Disabilities

2/27/79
Date

Heleen D. Beirne
Heleen D. Beirne, Commissioner
Department of Health and Social Services

2/27/79
Date

HOUSE FINANCE COMMITTEE

March 27, 1979

11:10 a.m.

All members of the Committee were in attendance, except Representatives Freeman, Haugen and Schaeffer. Also in attendance: John Crandall, Administrative Assistant to Chairman Meekins; Bob Schroeder, Legislative Finance.

PRESENT

Tape #

Description

HFC 79-88 Side 2

222	Meekins called the meeting to order and advised the purpose is to hear the <u>JUSTICE</u> budget overview by Bob Schroeder, Budget Analyst. Brief discussion on how the Committee may decide to fund this budget.	<u>JUSTICE</u> <u>BUDGET</u> <u>OVERVIEW</u>
269	Schroeder provided HFC members with copies of Justice cutsheet (see attached) reflecting HFC's formula assumptions. Stated he recommends funding at higher levels in certain components.	
297	<u>OFFICE OF THE GOVERNOR, Public Defender, Third Judicial District, pg 8:</u> Schroeder stated the <u>Public Defender</u> is being moved out of the court house, and this is not budgeted high enough. Recommends this be funded higher than HFC assumptions.	
319	<u>Criminal Justice Planning, Action Grants, pg 24, & Discretionary Grants, pg 26:</u> Schroeder suggested HFC take the Governor's budget in these areas. Noted this is federal pass-through money.	
360	<u>Due Process, Human Rights Commission, pg 18:</u> Rogers noted 22% cut over FY 79. Discussed 3 federally funded positions approved by the Governor. Schroeder advised the federal funds are not tied to positions; they are tied to units of work. He mentioned systemic funding, which he said was discussed with Neil Thomas. Stated he suggests HFC disallow the new positions but keep the funds.	
420	Haugen asked if this means the federal government is supporting actions by this group. Schroeder explained the feds will pay for the State Human Rights Commission to pursue a case to its conclusion under the federal Civil Rights Act. Haugen advised of a problem with this in his district relating to the school district.	

<u>Tape #</u>	<u>DESCRIPTION</u>
445	Rogers asked how the \$822.0 figure compares to \$883.0. Schroeder advised this represents RP by Budget & Audit that was brought forward in December.
463	<u>Criminal Justice Support, Police Standards Council</u> , pg 21: Schroeder stated recommends Governor's figure \$69.2 in personal service. Advised these are not new people, and reduction here could cause layoff.
482	<u>DEPARTMENT OF LAW, Prosecution, Third Judicial District</u> , pg 36: Schroeder advised of "Project Prosecutor" to be funded through inter-agency receipts. Recommended HFC deviate from its assumption. Stated this would be an additional \$330.8.
504	<u>DEPARTMENT OF HEALTH & SOCIAL SERVICES, Adult Confinement</u> , pg 46: Schroeder recommended deviation from HFC assumption. Stated this would result in short-funding these people by 10%. Recommended HFC look at not pursuing the 5% reduction in personal services here for vacancy.
530	Schroeder advised Governor has put in a BA to reduce this. Stated amendment is worth about \$260.0 or \$290.0 total. Meekins advised of Governor putting in sponsor substitute for the budget.
540	Discussion on funding--full funding or eliminate positions if not filled. Schroeder noted Governor's recommendation is for a cut. Schroeder recommends HFC look at each institution separately.
570	<u>Offender Conf. Ref. & Supv., Parole Board</u> , pg 94: Schroeder recommended HFC consider deviating from its assumptions. Stated this money was in \$803.0 in miscellaneous account for Parole Board.
583	<u>DEPARTMENT OF PUBLIC SAFETY, Crime Ident & Apprehension, Central Communications</u> , pg 112: Schroeder pointed out data processing chargeback. Recommends HFC add back \$412.3 for DP.
603	Rogers noted Human Rights Commission has DP chargeback and asked if Schroeder was only bringing out the larger DP chargebacks. Schroeder indicated yes.
612	Duncan discussed RCA rate increase. Schroeder noted 15% increase of FY 79. Stated adjust this back in some places. Stated not all is for DP.

<u>Tape #</u>	<u>Description</u>
635	<u>Research & Planning:</u> Schroeder recommended addback in DP chargeback.
640	Haugen asked if Schroeder took into consideration where there is contracting with municipalities for jails. Schroeder indicated yes, in the Trooper's contract jail unit. Haugen stated he feels the Commissioner should be brought in to discuss inflation.
661	Rogers brought up the question of dry-cleaning expenses for uniforms and asked if HFC was going to be consistent with the Public Protection budget and take this out. Brief discussion on some of these uniforms being contracted; not just office personnel.
670	In response to Haugen's question, Schroeder referred to <u>Adult Confinement, Community Programs</u> , pg 70, and recommended HFC take a look at things like the contract jail. Advised he is working on this.
682	ALASKA COURT SYSTEM, pg 130: Schroeder advised the figures are bogus here. Stated Governor brought forward only the request level.
697	Schroeder advised judges retirement is not included under the HFC's assumptions.
700	Discussion. Meekins indicated he was aware of the problem here. Commented on various method of financing the court system and the judicial budget, such as short-funding and having an interim subcommittee work on the budget.
721	In response to question from Montgomery, Schroeder advised TRS & PERS contribute to their retirement, but the judges do not. Rogers commented this is unfunded liability.
740	Meekins stated this budget is example of why this needs work. Duncan pointed out legislation has been passed that new judges would contribute to this, but it does not apply to those judges in office before passage of the legislation. Montgomery commented this is \$14 million in the hole.

Tape #

Description

HFC 79-89 Side 1

001 Schroeder summarized his overview comprised the
 major items of consideration. Indicated he would
 recommend other minor adjustments.

015 Meeinns complimented Schroeder on his presentation.

021 Meeting adjourned at 11:50 a.m.

ADJOURN

Tape HFC 79-88 Side 2 #222 - End
 79-89 Side 1 #001 - #021

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

14:01

3/23/79

***** ADMINISTRATION OF JUSTICE *****

SHORT
FORM
PAGE BUDGET COMPONENT FY78 ACT FY79 ADJ REQUEST GOVERNOR LEG.REC. LEG.REC. - GOVERNOR
COMPARISON

OFFICE OF THE GOVERNOR

PUBLIC DEFENDER

4	FIRST JUDICIAL DISTRICT	289.9	320.5	425.0	334.1	303.4	-30.7	-9.1%
6	SECOND JUDICIAL DISTRICT	107.2	107.6	147.0	114.1	90.9	-23.2	-20.2%
8	THIRD JUDICIAL DISTRICT	1017.6	1126.7	1653.0	1373.3	1102.3	-271.0	-19.6%
10	FOURTH JUDICIAL DISTRICT	588.9	603.9	791.2	695.9	591.2	-104.7	-15.0%
12	ADMINISTRATION AND SUPPORT	113.2	146.9	153.4	152.7	137.9	-14.8	-9.6%
	*** PROGRAM TOTAL ***	2116.8	2305.6	3169.6	2670.1	2225.7	-444.4	-16.5%

DUE PROCESS

16	STATUS OF WOMEN COMMISSION		162.7	299.1	175.9	146.9	-29.0	-16.5%
18	HUMAN RIGHTS COMMISSION	1055.7	1043.9	1382.0	1122.8	822.0	-300.8	-26.7%
	*** PROGRAM TOTAL ***	1055.7	1206.6	1681.1	1298.7	968.9	-329.8	-25.3%

CRIMINAL JUSTICE SUPPORT

20	POLICE STANDARDS COUNCIL	89.5	102.0	374.9	104.0	93.4	-10.6	-10.1%
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CRIMINAL JUSTICE PLANNING

24	ACTION GRANTS	1879.2	3106.5	2563.4	2563.4	1084.7	-1478.7	-57.6%
26	DISCRETIONARY GRANTS	597.1	1915.9	2350.0	2350.0	837.8	-1512.2	-64.2%
28	PLANNING	629.5	705.6	889.3	793.2	696.0	-102.2	-12.7%
	*** PROGRAM TOTAL ***	3106.2	5728.0	5802.7	5711.6	2618.5	-3093.1	-54.1%

*** AGENCY TOTAL ***

*** FUNDING IMBALANCE

DEPARTMENT OF LAW

PROSECUTION

32	FIRST JUDICIAL DISTRICT	445.7	460.8	517.3	480.2	441.7	-38.5	-8.0%
34	SECOND JUDICIAL DISTRICT	124.5	138.3	303.0	146.0	130.5	-15.5	-10.5%
36	THIRD JUDICIAL DISTRICT	1703.5	1961.8	2750.6	2474.2	1923.3	-550.9	-22.2%
38	FOURTH JUDICIAL DISTRICT	795.3	889.6	1124.3	941.2	830.6	-110.6	-11.7%
40	ADMIN. & SUPPORT	267.9	265.1	388.7	257.2	236.4	-20.8	-8.0%
42	CRIMINAL APPEALS & SPECIAL PRO	252.1	427.2	744.8	445.3	405.4	-39.9	-9.0%
	*** PROGRAM TOTAL ***	3589.0	4142.8	5828.7	4744.1	3967.9	-776.2	-16.3%

*** FUNDING IMBALANCE

DEPARTMENT OF HEALTH & SOCIAL SERVICES

ADULT CONFINEMENT

46	PALMER CORR. CNTR	1064.3	1160.5	1145.7	1102.5	970.4	-132.1	-12.0%
48	ANCH. STATE CORR. CNTR	904.8	947.1	1084.2	1020.6	903.9	-116.7	-11.3%
50	JUNEAU CORR. CNTR.	1763.4	1701.3	2082.2	1828.9	1596.3	-232.6	-12.6%
52	FAIRBANKS CORR. CNTR.	2065.5	1399.3	2280.4	2059.9	1769.4	-290.5	-14.0%
54	KETCHIKAN CORR. CNTR.	688.8	670.6	772.6	739.9	631.2	-108.7	-14.6%
56	ANC. ANNEX CORR. CNTR.	1566.1	1514.2	1615.7	1553.5	1383.9	-169.6	-10.8%
58	EAGLE RIVER CORR. CNTR.	2121.6	1970.8	2263.1	1973.7	1841.2	-132.5	-6.6%
60	RIDGEVIEW MANOR	659.5	800.5	1053.9	959.3	763.9	-195.4	-20.3%
62	NOXE CORRECTION CENTER	380.4	692.3	725.3	692.5	623.9	-68.6	-9.8%
64	LOCAL FACILITIES	752.5	955.8	801.5	752.9	750.6	-2.3	-0.2%
66	OUT OF STATE CONTRACTUAL	906.6	1125.0	1486.2	1486.2	954.7	-531.5	-35.7%
68	MAJOR MEDICAL & GUARD HIRE		608.4	640.0	640.0	600.7	-39.3	-6.0%
70	COMMUNITY PROGRAMS			608.0	299.4		-299.4	-100.0%
	*** PROGRAM TOTAL ***	12903.5	14045.8	16556.8	15109.3	12790.1	-2319.2	-15.2%

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

14:01

3/23/79

***** ADMINISTRATION OF JUSTICE *****

SHORT FORM PAGE	BUDGET COMPONENT	FY78 ACT	FY79 ADJ	REQUEST	GOVERNOR	LEG.REC.	LEG.REC. - GOVERNOR COMPARISON	
	JUVENILE CONFINEMENT							
74	MCLAUGHLIN YOUTH CENTER	3775.1	3957.8	4226.0	4226.0	3874.7	-351.3	-8.2%
76	INSTITUTIONAL CARE	1568.4	2548.3	2883.4	2745.2	2525.0	-220.2	-8.0%
78	FOSTER CARE	626.0	157.3	210.7	210.7	149.4	-61.3	-29.0%
80	MAJOR MEDICAL AND GUARD HIRE		13.6	14.4	14.4	13.6	-0.8	-5.5%
	*** PROGRAM TOTAL ***	5969.5	6717.0	7334.5	7196.3	6562.7	-633.6	-8.7%
	PROBATION & PAROLE							
84	FIRST JUDICIAL DISTRICT	634.1	693.2	744.1	734.2	653.1	-81.1	-11.0%
86	SECOND JUDICIAL DISTRICT	113.9	186.6	119.3	119.3	113.4	-5.9	-4.8%
88	THIRD JUDICIAL DISTRICT	1495.6	1578.4	1958.7	1804.8	1575.2	-229.6	-12.6%
90	FOURTH JUDICIAL DISTRICT	657.7	662.2	915.9	840.6	693.5	-147.1	-17.5%
	*** PROGRAM TOTAL ***	2901.3	3120.4	3738.0	3498.9	3035.2	-463.7	-13.2%
	DIV. OF CORRECTIONS							
92	DIRECTOR'S OFFICE	1320.3	1215.4	1255.8	1225.5	1062.8	-162.7	-13.2%
94	OFFENDER CONF. REF. & SUPV.							
	PAROLE BOARD	135.3	161.7	188.3	158.9	136.0	-22.9	-14.3%
	*** AGENCY TOTAL ***	23229.9	25260.3	29073.4	27188.9	23586.8	-3602.1	-13.1%
	*** FUNDING IMBALANCE					-23586.8		
	DEPARTMENT OF PUBLIC SAFETY							
	CRIME IDENT & APPREHENSION							
98	COMMUNITY RELATIONS	98.6	158.8	121.4	121.4	107.7	-13.7	-11.2%
100	DETACHMENTS & C.I.B.	12931.2	14915.7	16409.1	15072.6	13153.3	-1919.3	-12.6%
102	LABORATORY SERVICES	142.9	163.7	624.7	624.2	286.8	-337.4	-54.0%
104	NARCOTICS UNIT	520.5	614.6	795.5	607.8	570.4	-37.4	-6.1%
106	AST DIRECTOR'S OFFICE	785.2	455.0	666.0	531.0	479.2	-51.8	-9.7%
108	COMMISSIONERS OFFICE	1659.7	1826.4	1992.7	1844.9	1664.6	-180.3	-9.7%
110	RECORDS & IDENTIFICATION	137.6	214.4	204.9	204.9	190.3	-14.6	-7.0%
112	CENTRAL COMMUNICATIONS	1270.9	1602.7	2095.6	2095.6	1509.6	-586.0	-28.0%
114	HOUSING PROGRAMS	430.5	754.1					
116	RESEARCH & PLANNING	328.2	360.7	631.2	540.9	297.9	-243.0	-44.6%
118	TRAINING	1530.2	1474.5	1707.0	1527.0	1374.7	-152.3	-10.0%
120	JUDICIAL SERVICES-A.S.T.	2372.9	2907.0	2884.6	2747.1	2458.6	-288.5	-10.5%
122	CONTRACT JAILS			641.9	357.3		-357.3	-100.0%
	*** PROGRAM TOTAL ***	22256.4	25447.6	28774.6	26274.7	22093.1	-4181.6	-15.8%
	DUE PROCESS							
124	VIOLENT CRIMES COMP BOARD	359.2	341.5	362.6	362.6	335.5	-27.1	-7.5%
	*** AGENCY TOTAL ***	22615.6	25789.1	29137.2	26637.3	22428.6	-4208.7	-15.7%
	*** FUNDING IMBALANCE					-22428.6		
	STATE BOND COMMITTEE							
126	DEBT SERVICE							
	JUSTICE FACILITIES	887.2	991.6	980.4	1434.0		-1434.0	-100.0%
	ALASKA COURT SYSTEM							
130	ALASKA COURT SYSTEM							
132	SUPREME COURT	1438.7	1626.9	1869.4	1869.4	1461.0	-408.4	-21.7%
134	TRIAL COURTS	14957.2	16255.2	18268.7	18268.7	15921.4	-2347.3	-12.7%
136	POSITION OVERFLOW							
	ADMINISTRATION & SUPPORT	2611.6	2606.2	3242.6	3242.6	2257.6	-985.0	-30.3%

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

14:01

3/23/79

* * * * * ADMINISTRATION OF JUSTICE * * * * *

SHORT FORM PAGE	BUDGET COMPONENT	FY78 ACT	FY79 ADJ	REQUEST	GOVERNOR	LEG.REC.	LEG.REC. - GOVERNOR COMPARISON
	*** PROGRAM TOTAL ***	19047.5	20488.3	23380.7	23380.7	19640.0	-3740.7 -16.0%
138	ALASKA COURT SYSTEM						
	JUDICIAL COUNCIL	411.7	252.4	365.4	365.4	272.5	-92.9 -25.3%
140	ALASKA COURT SYSTEM						
	JUDICIAL QUALIFICATIONS	1.0	26.1	27.6	27.6	21.7	-5.9 -21.3%
	*** AGENCY TOTAL ***	19460.2	20766.8	23773.7	23773.7	19934.2	-3839.5 -16.1%
	*** FUNDING IMBALANCE					-19934.2	
*****	TOTAL EXPENDITURES	76150.1	86292.8	99821.7	93562.4	75824.0	-17738.4 -19.0%
*****	FUNDING						
	FED. RECEIPT	3004.0	5643.3	5616.2	5552.0		-5552.0 -100.0%
	GENERAL FUND	72269.8	79701.0	93675.6	87480.5		-87480.5 -100.0%
	OTHER FUNDS	876.3	948.5	529.9	529.9		-529.9 -100.0%
	*** FUNDING IMBALANCE					-75824.0	

HOUSE FINANCE COMMITTEE
March 27, 1979
1:40 p.m.

All members of the Committee were present except Representatives Freeman and Schaeffer. Also present were: Milt Barker, Legislative Finance Division; Gregg Erickson, Legislative Affairs Agency; John Messenger, Department of Revenue; Terry White, Alaska Judicial Council; Bob Stokes, Public Defender; Niel Thomas, Human Rights Commission; Tom Anderson and Mike Clemmont, State Troopers; Rick Berrier, Alaska Court System; and Bob Schroeder, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order, and stated he had requested information on revised revenue estimates from Legislative Finance staff, Legislative Affairs and Department of Revenue.

REVENUE
PROJEC-
TIONS

TAPE #

DESCRIPTION

HFC 79-89 Side 1

- 031 Milt Barker, Legislative Finance, presented a memo (State Dependence on Oil & Gas) and explained (see attachment #1).
- 278 Brief Discussion of the Memo. Rogers referred to the corporate income tax suit, and asked what the state's shortfall would be if it was to lose that suit. Barker said about \$100 million on a cash basis.
- 360 Gregg Erickson, Legislative Affairs Agency, said he agreed entirely with the statements made in Barker's Memo. He said revenue for 1980 will be approximately \$190 million above what the Department of Revenue had estimated in January. He presented a Memo (Fiscal Year 1980 Oil & Gas Revenue Estimates) and explained (see attachment #2).
- 507 Discussion on the Memo. Haugen asked if they were taking into consideration charges against the pipeline tariff. Erickson said their expectation is that costs of transportation will decline. He said they are working very closely with the Oil & Gas Commission to examine these issues. He said they don't have any information that indicates there will be a massive change in how fast Prudhoe Bay can produce.
- 559 Erickson explained "hard landing".

Legis.
Finance
Testimony

Legis.
Affairs
Testimony

3/27/79

617 Rogers questioned the corporate income tax suit. Erickson said if the suit were decided adversely to the State, the State could have an obligation to pay back several million dollars; but he believes the parts of the legislation relating to revenue will stand up to additional scrutiny. Further discussion.

HFC 79-89 Side 2

020 Meekins questioned the Iranian production. Erickson said they had heard last week that the Iranian production had come up to about one-half of their pre-revolution level, and he understands they intend to leave it there. Brief discussion.

140 John Messenger, Department of Revenue, said he would like to emphasize the danger of relying solely on oil revenues. He also echoed the problems outlined by Barker and Erickson in their memos. He presented a memo and quarterly update to revenue sources (see attachment #3) and explained. He said they have not included in their estimates any increase based on the resolution of law suits; they have not included any increase in revenues from corporate income tax; also, there is a difference in their accounting treatment of payments of the Alaska Native fund.

Dept. of
Revenue
Testimony

320 Discussion on tax reserves and the corporate income tax.

(McKinnon arrived.)

420 Meekins advised he will be appointing a Subcommittee on Ways and Means, and McKinnon will be Chairman. He asked if anyone is interested in serving on this Subcommittee to contact him.

429 A recess was called at 3:00 p.m., and Chairman Meekins recalled the meeting to order at 3:20 p.m. The Committee received testimony from Department's in the ADMINISTRATION OF JUSTICE category.

ADMIN. OF
JUSTICE

430 Alaska Court System, Judicial Council: Meekins questioned the status of HB 195 and HB 196. Terry White advised the Senate Finance Committee will be considering the bills sometime this week. She advised the Criminal Justice Planning Agency has indicated they have \$55,000 available to defray the expenses of the study under HB 196. Discussion on how HB 195 and 196 relate to the Judicial Council budget. Montgomery asked if they

Judicial
Council

3/27/79

had any money in the Judicial Council budget to do this study. White said no, their request is not the same as HB 196. She said the studies are meeting the same objective, but from different angles. She said HB 196 goes back for three years, and the funds in their budget are for annual monitoring. Further explanation.

660 Duncan requested a written report explaining how they will be spending the \$67,500 in the Judicial Council budget, and how it might overlap with HB 195 & 196. White will provide. Rogers said that \$98.6 on page 2077 of the "redbook" also appears to be an overlap, and he requested that information on this be included in the explanation. White will provide. Rogers also requested an explanation of the travel money included for the study, and a costing out of what the alternatives might be. White will provide.

724 Office of the Governor, Public Defender, Third Judicial District: Bob Stokes, Public Defender, advised their requested increase beyond continuation is \$224.0. He said the biggest portion of that is for office space rental in Anchorage. He said they are presently in the Anchorage Court building (rent free), and the Court has asked them to move. There was discussion. They are requesting 5900 square feet and are estimating about \$1.20 per square foot.

Office of the Governor

HFC 79-90 Side 1

001 Further discussion on Office Space.

068 Office of the Governor, Due Process, Human Rights Commission: Niel Thomas, Executive Director, Human Rights Commission, presented a Memo summarizing their budget (see attachment #4). There was discussion on the Commission and their budget.

316 Meekins questioned the different groups and commissions dealing with discrimination. Thomas said the Human Rights Commission is the only one that can make a case and take complaints. He said they work with the other groups. Montgomery asked if they overlap with Equal Employment Opportunity, and Thomas said no, EEO is an internal advisor.

460 Thomas advised they receive approximately \$100,000 in federal funds. He said in the past this has always been approved by Revised Program. He advised Administration decided this amount should be

3/27/79

included as part of their regular budget this year for the first time. These positions have already been approved by RP, and the people are already on Board. The Governor's budget indicates they are receiving 5 new positions, but these are not new. There was brief discussion.

512 Department of Public Safety, Crime Identification & Apprehension: Mr. Tom Anderson, Director, Alaska State Troopers, briefly explained their seven budget requests. He advised that their prime emphasis in the budget is on the forensic crime lab. He gave history of the lab. (page 102 of the short form.) Anderson said the money in this component has been transferred in from other areas. Mike Clemmons, Finance Officer, advised the positions in this budget are not new positions, they are reallocated positions.

Dept. of
Public
Safety

598 Moss advised he has problems in his district with 5-Mile Camp. He stated he wants to be sure there are troopers available to handle the villages. Anderson explained what has been done at 5-Mile Camp, and advised they will only be able to have two troopers there because they did not have enough funds to build housing for the third trooper. Brief discussion on housing.

680 Anderson advised they took a reduction in travel, which from a police standpoint makes them somewhat ineffective; but he thinks they can live with the reduction.

698 Alaska Court System: Mr. Rick Barrier gave a brief overview of their budget. He advised they have requested 30 new positions. He said they realize that with the funding problems they won't be able to get them all. In answer to a question from Duncan, Barrier said there are 6 or 7 of these new positions that are presently filled. He said they are being funded through CETA. They are: small claims clerk, criminal clerk, supply clerk in Anchorage; traffic clerk in Fairbanks; and in-court clerk in Bethel. He also advised they have included unidentified rental costs so in rural areas they can upgrade their office space as space becomes available. He further explained.

Alaska
Court
System

HFC 79-90 Side 2

001 Moss requested further information on the Healy Office space situation. Barrier will provide.

3/27/79

020 Brief discussion on Court System retirement benefits.

061 McKinnon asked what the relationship was between the Court System and the Alaska Bar Association. Barrier said the Supreme Court is head of the Unified Bar. He said the Court System has in their budget \$40 to \$45 thousand for disciplinary actions against bar members. Discussion.

200 Meekins said the Committee will be doing work on the Court System's budget during the Interim. Barrier said they will welcome any review.

236 The meeting adjourned at 4:45 p.m. ADJOURN

Tape HFC 79-89 Side 1 #021 to end
 Side 2 #001 to end
HFC 79-90 Side 1 #001 to end
 Side 2 #001 to 090

3/27/79

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

MEMORANDUM

TO: The Honorable Russ Meekins
Chairman
House Finance Committee

DATE: March 26, 1979

FROM: Milt Barker MB
Fiscal Analyst

SUBJECT: State Dependence
on Oil and Gas

At your request, I will attempt to outline a number of reasons why the state might want to exercise restraint on spending even if the current fiscal difficulties should be left behind by new surpluses accruing from oil and gas.

1. Additional spending financed by increases in oil and gas income will only increase our total and relative dependence on oil and gas.

- (a) For FY 80, of total unrestricted income of \$1,083.6 million (after deducting permanent fund and native claims fund contributions), oil and gas revenues amounted to \$724.3 million or 66.8%.
- (b) If we receive an additional \$223.2 million in oil and gas income, it would then total \$947.5 million and represent 72.5% of total unrestricted income.
- (c) Table 1 provides a history of this from 1961.

2. This dependence on oil and gas income is actually a dependence on production from a single reservoir flowing through a single 48" diameter pipeline with no alternative means of transportation.

- (a) Income from Cook Inlet oil and gas production for FY 80 is projected at \$60.0 million. All the rest comes from the Sadlerochit reservoir.
- (b) Although the Sadlerochit reservoir is thought to be capable of sustaining roughly 1.2 million BPD production until 1990, there is some unknown risk that that may not be possible. Representative Chatterton is known to give this possibility some

Attachment #1

currency. At the risk of rumor mongering, I quote the following from an article by Steve Cowper in the March 10, 1979, Fairbanks News-Miner,

"Current conspiracy theory is that pressure problems have developed in the Western half of the Prudhoe Bay reservoir and that the producers are unable to meet delivery commitments. Low field pressure with 100 per cent gas reinjection can mean only one thing: the dimensions of the reservoir aren't nearly as large as originally supposed."

- (c) Transportation via the TAPS line is subject to disruption via natural disaster (earthquake), inclement weather (winds and icebergs at Valdez), sabotage (Alaska Advocate), and mechanical failure (Pump Station 8).
- (d) A halt in Sadlerochit production or TAPS flow is estimated to result in a loss of \$1.5 million per day in state revenue from severance, royalties, and petroleum income tax under the Department of Revenue's January 1979 assumptions.
- (e) With the additional \$223.2 million in revenue (all attributable to Sadlerochit), the loss from shutdown would be over \$1.75 million per day.

3. The dependence on oil and gas subjects the state to market risks as well as the physical risks of production and transportation.

- (a) On the West Coast, Alaskan North Slope oil currently competes with heavy California production, creating the "West Coast Surplus." This is because both crudes are relatively heavy and are not conducive to making gasoline and other lighter fractions from the refining process unless an active refinery retrofit program were to be undertaken. The West Coast uses more gasoline and aviation fuel relative

MEMORANDUM

March 26, 1979

Page 3

to heating oil and residual fuel oil (for electrical generation the West Coast has hydro) than the rest of the country. Thus, although total domestic production available on the West Coast exceeds total refinery requirements, importation of lighter crudes is necessary to get the desired proportions of lighter fractions.

The result is the shutting-in of Alaskan and California production, displacement of Alaskan crude to the Gulf Coast, price cutting, entitlements penalties and bonuses in California, and permission to export residual fuel oil from California. Sadlerochit is supposedly capable of producing 1.6 million BPD, but has so far been held to 1.16 million with a recently announced increase to 1.35. See attached note on "Possible deliveries of North Slope crude to Japan" by Walter Levy for his assessment of the West Coast surplus.

- (b) Recently, 404,000 BPD or 34% of TAPS throughput has been going to the Gulf of Mexico and East Coast. The additional transport costs directly reduce wellhead value. Increased Mexican oil and gas production jeopardizes both sales and prices of North Slope oil in these markets and possibly on the West Coast as well. See attached quotes from a Congressional Research Service study of this issue contained in Legislative Research's February 1, 1979, "Energy Background Report." Also see attached article from "Science" on Mexican oil reserves. The next surplus may be the "Gulf Coast surplus."

4. Political risks enter into every sector of the economy of oil.

- (a) Oil and gas are the only commodities whose price is currently subject to regulation. Fortunately, Alaskan North Slope production has been treated favorably so far. The wellhead ceiling has been above actual wellhead prices.

North Slope production currently receives very favorable treatment under the entitlements program as well. This program equalizes the

cost of oil to all domestic refiners regardless of source. This is achieved in effect by refiners using high cost oil selling allotted "entitlements" to refiners using low cost oil. The wellhead price ceiling on Alaskan oil is upper tier (new oil) which is less than the price of imported oil and would thus require refiners using Alaskan oil to purchase a small amount of entitlements. The cost of the entitlements would have reduced wellhead values in the end. Recognizing the high cost of producing and transporting Alaskan oil, the Feds did not require entitlements for Alaskan oil.

However, when Alaskan oil began shutting-in heavy California crude, the Feds lowered the cost of entitlements to be purchased by refiners using this low cost old oil California crude to help it compete against Alaskan oil. This was initially balanced by requiring entitlement purchases on Alaskan and imported crude sold in California in an offsetting amount. However, the offset has since been spread over all domestic oil sales so that the entitlement penalty is only a couple cents on Alaskan crude instead of 50¢ to 75¢. See attached memo of Richard Haggart dated January 11, 1978.

- (b) As further evidence that oil and gas can be political football, witness the recent circus surrounding Sohio's decision first not to construct the PACTEX line from Long Beach, California to Midland, Texas, allegedly because of regulatory and permitting delays, then again to resubmit its permit applications. Sohio was probably trying to pressure the president and Congress into approving the export of Alaskan oil, an issue which may be or at least is seen or alleged to be politically unsalable in the current alleged oil crisis and/or desire to reduce U.S. dependence on foreign oil imports. According to Bob LeResche, this political stunt has removed any chance for Alaskan exports.

- (c) The Department of Revenue has built the PACTEX line into their long-range Revenue projections. If the line pumped 500,000 BPD at a dollar per barrel saving as outlined in the attached "Wall Street Journal" article, this would mean roughly \$45,000,000 per year to the state in severance and royalty. Even if the line is built, the savings may be halved as mentioned in this article by the previously discussed competition from Mexican oil.
- (d) As a final note on political risks, we have the battles that have surrounded the choice of routes, construction, financing, and regulation of both the oil and gas lines. Remember, it was Spiro Agnew's tie-breaking vote that created the West Coast surplus. Many of the elements of risk associated with regulation of pipeline tariffs may properly belong in the category of legal risks addressed next but in reality cannot be divorced entirely from the sphere of politics and national goals.

5. Given the enormity of moneys at stake, legal risks will always be lying in wait for the state. When this much money comes from one source, the taxpayer is going to scrutinize his assessment very carefully and challenge any weak points. More diverse, broad-based revenue sources would not be as prone to generate legal challenges, if only because the money to finance court battles is harder to come by.

- (a) The state's next big fix of oil and gas revenue, \$166 million in corporate income tax receipts, has been thrown into doubt by a court suit. The money has been paid, it's not even in escrow, but the constitutionality of the entire tax is being challenged.
- (b) The state is currently not receiving an average 64¢ per barrel of North Slope field costs that are being deducted from wellhead value for

royalty calculation. The state claims the terms of its leases require the oil to be valued where it is of merchandisable quality and has gone to court to retrieve this 64¢.

- (c) The state has also protested TAPS tariffs which as filed with FERC by the oil companies average \$6.20. Interim tariffs proposed by the ICC which were in effect June 28, 1977 to February 28, 1978 averaged \$4.84. In the absence of a settlement, tariff determination could go to the courts after a final ruling is made by the Federal Energy Regulatory Commission which might not come until June 1980. See attached memo from Richard Haggart of January 20, 1978.

6. Even if the legal risks, political risks, market risks, and risks attendant on production and transportation of North Slope oil were eliminated, there are still good reasons not to pour the revenues therefrom into the budget.

- (a) The amount of oil in place, whether in Sadlerochit or all reservoirs, including those undiscovered, is finite. Revenue therefrom will turn down and eventually fall to zero. Sadlerochit production would decrease as early as 1986 if pushed to 1.6 million BPD until then. At 1.2 million it declines in 1990, at 1.35 somewhere in between. The only way to avoid severe economic and social dislocations when this occurs is to isolate the revenues dependent on production and spend only what can be earned from their investment. Discovery of additional oil only postpones the day of reckoning while magnifying the dislocations that would come.
- (b) The present value of a cut in the budget or a slowing of growth is greater the sooner it is made. Money not spent this year earns interest over more years than if the cut is made later. A "soft landing," i.e. matching of budget to

recurring revenues without severe budget cuts, will be easier to achieve if reductions or slowing of growth is begun now.

- (c) If the state were not constantly in need of another fix of oil revenue, it would not be so tempted to cut a deal with the oil companies. It may be that the proposed TAPS settlement was catalyzed by the executive's desire to forestall the legislature's program of austerity with a fresh shower of petrocash. The question is are we really taking a bath.

Attachments

ATTACHMENTS

TABLE 1

"Possible deliveries of North Slope
crude to Japan" Walter Levy

Congressional Research Service
Legislative REsearch - February 1, 1979
"Energy Background Report"

Article from "Science"
(Mexican oil reserves)

ggart memo (January 11, 1978)

Article - Wall Street Journal
(competition from Mexican oil)

Haggart memo (January 20, 1978)

TABLE 1
PRINCIPAL SOURCES OF UNRESTRICTED REVENUE
1961 - 1980

<u>Fiscal Year</u>	<u>Total Unrestricted Revenue</u> (\$ millions)	<u>Total Oil & Gas Revenue</u> As a Percent of Unrestricted Revenue	<u>Total Personal Income Tax</u> As a Percent Of Unrestricted Revenue
61	40.5	10.4	25.7
62	68.9	37.7	17.7
63	71.6	38.8	18.2
64	67.0	22.2	20.8
65	83.0	20.0	19.5
66	86.5	25.0	22.2
67	86.6	24.0	26.2
68	112.7	38.0	20.1
69	112.4	30.7	22.4
70	1067.2	88.0	3.0
71	220.4	21.2	16.1
72	219.2	21.7	17.8
73	208.2	24.0	20.9
74	255.0	31.6	19.3
75	333.4	27.2	26.1
76	709.8	55.1	20.6
77	874.3	54.6	24.1
78	787.3	53.2	18.5
79(Est.)	1030.1	66.1	12.6
80(Est.)	1083.6	66.8	13.4
80(with additional oil & gas income)	1306.8	72.5	11.1

Source: "Revenue Sources," Department of Revenue

A Note on
POSSIBLE DELIVERIES OF NORTH SLOPE CRUDE TO JAPAN

W. J. Levy Consultants Corp.
New York, N. Y.
May, 1978

A Note on
POSSIBLE DELIVERIES OF NORTH SLOPE CRUDE TO JAPAN

Introduction and Summary

1. Prudhoe Bay crude has become increasingly surplus to West Coast markets as production has built up toward 1.2 million barrels daily. As a result, there is now renewed interest in the possibility of allowing deliveries of North Slope crude to Japan under exchange arrangements. In this Note, we consider the pros and cons of such exchanges.

2. Total domestic crude available on the West Coast currently exceeds volumes being accepted for processing by West Coast refineries. The reasons --

Heavy, high-sulphur Prudhoe Bay and California crudes cannot be processed by some refineries designed to operate on sweet crudes and create problems of disposal of heavy fuel oil in depressed West Coast markets;*

With current energy policy allowing West Coast refiners to choose freely among both domestic and foreign crudes, some companies opt for imported oil for reasons that include not only notional price and quality consideration, but also the terms under which they have access to (or obligations to lift) foreign crude.

The surplus is evidenced in price weakness for California heavy crudes (with complicated entitlements schemes designed to prop up prices), underutilization of California refinery capacity unable to dispose of heavy fuel oil, and concern that the Nation may be facing a period of some appreciable shutting-in of domestic productive capacity (possibly including Elk Hills).

* See our memorandum "The Near-Term Outlook for Petroleum Demand in District V," December, 1977.

3. Our own outlook is that growth in District V refinery requirements over the years immediately ahead will be too slow to provide any real relief from the problems of domestic crude surpluses. Easing of the situation will require new West to East pipeline capacity or retrofitting of West Coast refineries to process heavy, high-sulphur crudes and still meet West Coast product requirements (including sulphur standards for fuel oils) or a combination of both. These solutions will take time. In these circumstances, the possibility of exchanges with Japan ought to be very carefully considered as a measure for easing the problems of surplus on the West Coast over the interim period before permanent solutions can be put in place.