

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2700

RESIDENTIAL CARE PROJECT NARRATIVE

It is generally acknowledged that older persons would rather live in their communities than in nursing homes. The questions have been: Can they adequately care for themselves in that environment, is their quality of life really improved, and does such an arrangement cost more or less than nursing home care?

Historically, there have been few options for the older person in Alaska who is no longer able to live independently. And persons of lower income who become unable to care for themselves currently have no recourse except either boarding homes, which generally do not provide personal care and services, or medical facilities, which are staffed and equipped for the treatment of illnesses rather than for social care. Often, for one reason or another, a nursing home or institution represents an expensive, unwanted, or even unnecessary over-reaction to the person's problems. People have had to go into nursing homes because there was no alternative. This does not represent a satisfactory solution either for the person or for those concerned with his welfare.

In response to this situation, the Alaska Department of Health and Social Services has developed an alternative residential care project. The project is designed to meet the needs of a specific group of people who are considered to have functional deficiencies in one or more of the following areas: economic, social, emotional or physical adjustment. The project will provide these adults who request the service with a protected atmosphere in a community setting as an alternative to 24-hour institutional or nursing/medical care. It is felt that this kind of living arrangement will help maximize the person's ability to function as independently as possible while at the same time providing necessary guidance and assistance to persons in those functional area that are insufficient for them to maintain independent living.

The aim of this pilot project is to develop a more humane as well as cost effective quality program with the primary focus being on social restoration rather than on medical/health care. It is a program specifically tailored to meet the needs of persons whose abilities to perform the essential activities of daily living are so impaired as to require a level of care beyond that available in an independent or room and board living situation, but whose disabilities are not such as to require 24-hour medical care. The desired result is a more satisfying and productive life for the individual. There is also a potential cost saving in that studies show a substantial number of such persons are now cared for in public or private institutions or nursing homes.

Funding for the project will consist of current state dollars already being spent on the identified pilot project population. Present state match monies already allocated through the State's Medicaid Program will be transferred to the General Relief fund and budgeted to the residential care project from the general fund.

The pilot project's three basic components are living arrangements; older persons who have difficulty in everyday living because of the frailties of age or due to physical, visual or mental impairments; and program supplementation. In considering the living arrangement component, all personal and community resources available to the prospective client will be evaluated. All boarding homes in Anchorage have been contacted and prospective client profiles discussed with house managers. Four homes have expressed an interest in being utilized as a placement service, and have indicated that additional staff and personal care services will be incorporated into their existing programs to help accommodate these particular persons' needs. All residential care facilities shall be in compliance with regulations licensing adult care facilities currently being promulgated by the Department of Health and Social Services. (Authority: AS 47.35.020; AS 47.35.070)

With regard to the older person component, there are currently, approximately one hundred (100) nursing home patients who have been identified throughout the State of Alaska by the Department of Health and Social Services whose level of care needs appear residential rather than skilled or intermediate nursing. All twelve (12) nursing home facilities in the State have client representatives in this population. Since there are few or no alternative residential care facilities in the eleven (11) geographically distributed communities who have nursing homes, a state-wide residential care project is felt to be unrealistic at this point in time. However, a pilot project in Anchorage, which has two nursing homes representing close to thirty percent (30%) of the identified population whose level of care needs appear residential, does seem feasible. Thirteen (13) provisionally identified nursing home patients have been profiled for a possible pilot project regarding alternate residential placements in the Anchorage area. Client profiles suggest that the needs of the persons considered for this project are largely social, with observation and supervision required in their activities of daily living. Medications are being taken by several of these persons, which will need to be monitored, and considerable social support and encouragement is required.

The third component of the project is program supplementation. Arrangements will be made for physician/nurse visits, medication monitoring, and supportive services as needed in the homes. The monitoring of medications may be done through use of the Anchorage community nursing program for this small pilot project, or contracting with the Nursing Registry Program in Anchorage. The Division of Social Services is now recruiting to fill a new position in Anchorage in adult services, and this position will be utilized to provide client monitoring, assessment, case-planning, and supportive services in the homes and with client placements.

The three main components described, those of homes, individuals and program supplementation, come together through the Residential Placement Agency. This project will be co-located in the divisions of Public

Assistance and Social Services, and is responsible for: assessing and certifying clients; assessing and certifying homes; and assuring the appropriateness of placement; the continuing need for the provision of care; and service management activities of case-planning, case-monitoring, and follow-up. A distinctive feature of the Residential Care pilot project is that it offers a test of an approach to use positive incentives to stimulate improved living conditions for a very vulnerable group of persons. Participation in the project is voluntary, and all persons are "grandfathered" under the new State Medicaid regulations, if no alternative living arrangements are available or until discharged from nursing home so as to insure continued funding of care for these persons after the one-year demonstration project is completed.

Projected rates are approximately \$900 per month per person for providing residential care services. Current rates being paid by Medicaid and the State for these same persons in the two Anchorage nursing homes are \$2,010 and \$3,090 per month. It is anticipated that the pilot project involving thirteen (13) persons might result in a net savings of up to \$84,000, and that a future statewide program for 100 persons could conceivably save close to \$1 million. It is expected that if the project is successful, State supplementals might be continued in expanding the program throughout the State.

Savings earned as a result of the Department's residential care program are planned to be utilized in a related pilot program to allow for supportive services to be provided to prevent the inappropriate or premature institutionalization of certain high risk individuals (see attached narrative for the Home Care Alternatives Project). Such services availability will be limited by the extent of the earned savings from the residential care project.

In FY 78 A.P.I. Rec.
In Revenue

2,831,389.30

Medicaid
All other

1,535,554.49
1,295,834.81

2,831,389.30

Medicaid potential audit exception
of 76% for API.

1,535,554.49
76%
368,533.08

Less

The amount of unrestricted revenue of \$1,295,834.81 is made up from approximately \$700,00 from services rendered in FY 78. The balance of \$595,834.81 is derived from prior periods. The Medicaid reconciliation received at A.P.I. have been interagency rec. This interagency rec. is made up of 50% Federal 50% General Fund. Therefore we would only rec. the Federal portion making the \$368,533.08 Medicaid worth \$184,266.54.

Therefore FY 78 Revenue would
look like this

Restricted
Unrestricted

184,266.54
700,000.00

Total FY 78 Revenue

884,266.54



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
REGION X
ARCADE PLAZA BUILDING
1321 SECOND AVENUE
SEATTLE, WASHINGTON 98101



FEB 23 1979

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

Dear Dr. Beirne:

In response to a request from our Central Office we have recently completed an inventory of unresolved issues. During our inventory we noted that the issue of ineligible Title XIX recipients at Alaska Psychiatric Institute (API) has never been fully resolved.

As you may know this office conducted a review of Medicaid eligibility at Alaska Psychiatric Institute during the week of January 17-21, 1977. That review revealed that approximately 75% of the cases for whom Title XIX funding had been claimed in the three quarters ending March 31, 1977 were not eligible for Title XIX services in an inpatient psychiatric facility.

On September 23, 1977 Dr. Francis S. L. Williamson was notified of the results of our review. Our report of review recommended that the State review its previous determinations of eligibility for each patient at API for whom Title XIX reimbursement for inpatient psychiatric care had been claimed since July 1, 1975. It was further recommended that the State should submit a revised claim for those patients found to be ineligible.

Our records do not indicate that the above report was ever resolved. Therefore, we must again ask that all claims for persons receiving inpatient psychiatric care at API from July 1, 1975 to the present be reviewed to assure that such claims were submitted only for those persons properly determined to be eligible for Title XIX services. Any amounts identified as unallowable should be refunded via the appropriate entry on line 10B of Form HCFA-64 submitted on April 30, 1979. A detailed set of review workpapers should be assembled and retained for review by Region X staff.

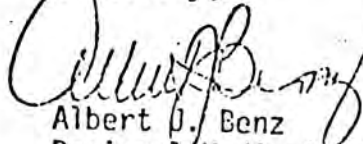
We realize that due to the amount of time that has passed and the substantial amount of funds claimed for API a review of the type necessary to resolve this issue will require a considerable expenditure of manpower. However, we must ask that the review and computation of former claims be completed in time to allow inclusion of the appropriate refund in the HCFA-64 which is to be submitted on April 30, 1979.

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If we may be of assistance in this matter, please feel free to contact Mr. Maury Cunningham at (206) 442-1340.

To facilitate our monitoring of this issue we would appreciate receiving your written response to this letter within 30 days.

Sincerely,



Albert J. Benz
Regional Medicaid Director

HOUSE FINANCE COMMITTEE

April 5, 1979

1:45 p.m.

All members of the Committee were present except Representatives Schaeffer and Guy. Also present was John Lucas, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order. The Committee continued with Close-outs of the SOCIAL SERVICES category.

SOCIAL
SERVICES
CLOSE-
OUTS

Department of Labor:

Employment Security, Employment Services: Mr. Lucas advised this is all federal funds. Program receipts are CETA funds from Anchorage. Representative Rogers said there is a request from Labor and Management to do interim work on the Department of Labor. He said they intend to do a program review, and he suggested "Freemanizing" this budget. Representative Duncan said they have short funded several budgets, and he thinks it will lose its effect if each budget is short funded. There was discussion. Representative Duncan moved to take the computer figure for all the line items except grants/claims, and to take the full amount for that line item. There was discussion. Representative Haugen commented they have had a problem in Petersburg, and he has been advised they will now have one full time person in that office. He said the money may have to be general fund. There was discussion. Chairman Meekins suggested putting in legislative intent that the Committee wants a full time position in Petersburg. There was no objection to the motion or intent.

Employment Security, Unemployment Insurance: Mr. Lucas advised the \$50.0 in other funds is coming from the training and building fund. He advised this fund is not combined with general funds. Representative Rogers moved the funding source for this BRU be entirely federal receipts, and that nothing be taken from the training and building fund. There was discussion. Representative Rogers explained that his motion would not accept the new positions. There being no objection to the motion, it was so ordered.

Employment Security, Support Services: Mr. Lucas advised the increase in contractual is mostly due to the data processing charge back. Interagency Receipts comes from other Departments. There was brief discussion on the Department of Labor computer. Chairman Meekins moved to accept the legislative recommendation with the fixed costs being added back in. There being no objection, it was so ordered.

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Employment Security, Fraud Investigation: There was discussion on what was done in this budget last year. Mr. Lucas advised they are transferring in five positions from employment services based on audit reports from Legislative Audit. Representative Duncan moved to accept the two new positions and the computer figures for the other line items. Chairman Meekins amended the motion to state that all deletions are to come from the general fund source. Representative Rogers objected and stated the other funds is the training and building fund, and it is illegal to use these funds for positions. There was discussion. Chairman Meekins withdrew his amendment to the motion. Representative Duncan withdrew his motion. Chairman Meekins moved to accept the computer figures with the following changes: Contractual is \$74.8; adding one position in Seattle at \$43.8; the costs associated to the position (\$17.3) are not allowed; other funds are zero; and total general fund figure is \$99.9. There being no objection to the motion, it was so ordered.

WIN (DOL): Chairman Meekins moved to accept the Governor's figure. Representative Rogers requested that intent be included indicating the Committee's desire to have the Fairbanks office opened. There was no objection to the motion.

Labor Market Information: Chairman Meekins moved to accept the Governor's figure. There being no objection, it was so ordered.

Commissioners Office (Labor): Chairman Meekins moved to accept the Governor's figure. There was discussion. Chairman Meekins moved to amend his motion to take an additional \$24.8 from personal services -- taking a vacancy assessment and deleting the vacant positions. He advised the full time position count is changed from ten to eight. There being no objection to the motion as amended, it was so ordered.

Administrative Services: There was discussion on other funds. Chairman Meekins moved to delete the \$177.0 in general funds, and to accept the computer generated figures. There being no objection, it was so ordered.

Department of Commerce & Economic Development:

Veterans Services: There was brief discussion on the program. Representative Haugen stated they do a good job. Chairman Meekins moved to accept the Governor's figure. There being no objection, it was so ordered.

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Representative Freeman advised the Speaker has requested that several items in the Social Services category be considered. One is an appropriation to the Gateway Opportunity Center. He explained what had been done last year, and said they are requesting that \$48.0 be added to this year's budget. There was discussion. Mr. Lucas advised the project had been transferred to the EDUCATION budget, and would appear under Vocational Rehabilitation, State Supported Facilities. Representative Freeman moved to add \$48.0 to that budget, with intent that it is to be appropriated as a grant to the Gateway Opportunity Center in Ketchikan. There being no objection, it was so ordered.

EDUCATION
ADDITION
CLOSE-
OUTS

Representative Freeman stated the Speaker also has a request for the Night Intake Program. He said this was previously funded with LEAA funds. There was brief discussion. He advised the request is for \$52.0. This would show up under the Department of Health and Social Services in the JUSTICE category. He moved to add the \$52.0 for the program. Chairman Meekins objected and stated he would like to find out why LEAA funds are no longer available. The question was called for. Representatives Freeman, Haugen, McKinnon and Smith in favor; Representatives Meekins, Montgomery, Rogers, Duncan and Moss opposed. The motion failed. Chairman Meekins requested that the analyst check and see why LEAA funds are no longer available for the Night Intake Program.

JUSTICE
ADDITION
CLOSE-
OUTS

Representative Haugen advised he may have a request for funding of a youth program in his area. He said the program had previously been funded through federal funds. He made the Committee aware that he would be bringing this up at a later date if he finds that general funds are needed for the program.

Office of the Governor:

Alaska Plan: Representative McKinnon moved to accept the total figure of \$250.0. Representative Rogers objected and amended the motion to a total of \$200.2, which is the maintenance figure. The question was called for. 3 in favor, 4 opposed. The amendment failed. The question on the main motion was called for. McKinnon, Duncan, Meekins, Haugen in favor; all else opposed. The motion failed. The Committee's earlier action on this BRU was retained.

SOCIAL
SERVICES
CLOSE-
OUTS

Volunteer Services: Mr. Lucas advised the Governor has presented an amendment requesting this be transferred to the Department of Community and Regional Affairs from the Office of the Governor. The Senate has done this. Representative Smith objected to this suggestion, and stated Community and Regional Affairs was set up to serve rural needs, and this is not a rural program. No action was taken.

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Department of Administration:

Pioneers Home, Kotzebue: Mr. Lucas advised this was held open at Schaeffer's request to see if it should be transferred to the Office of Aging. There was brief discussion. Representative Rogers moved to tentatively accept the figure of \$811.9. There being no objection, it was so ordered.

Child Support Enforcement: This component was left open pending receipt of a recommendation from the Judiciary Committee.

Department of Health & Social Services:

Public Assistance Eligibility, Eligibility Determination: Brief discussion on why this was left open. Chairman Meekins moved to accept the computer generated figures. There being no objection, it was so ordered.

Institutional Foster Care: Mr. Lucas presented a recommendation from the Department (see attachment #1) and briefly explained. There was discussion. Chairman Meekins moved to accept the recommendations of the Department. He advised the end result is a \$165,000 savings. He advised the recommendation does require a law change, and they are looking for a vehicle with which to make the changes. The question was called for, and the motion passed unanimously.

Department of Community & Regional Affairs:

Senior Citizens Tax Relief, Motor Vehicle Exemption: Mr. Lucas advised that Representative Rogers had moved that legislative intent be added, and the analyst was to prepare the language. He presented the intent language. There was no objection to adding the legislative intent.

Department of Health & Social Services:

Planning & Research, Human Services Planning: Mr. Lucas explained why this was held open. Chairman Meekins moved to accept the computer generated figures minus the funds for the two vacancies, and to not specify which of the five positions are to be deleted. There being no objection, it was so ordered.

A recess was called at 3:07 p.m. and Chairman Meekins recalled the meeting to order at 3:30 p.m. The Committee continued to close out the DEVELOPMENT category.

RECESS

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Department of Commerce & Economic Development:

DEVELOPMENT
CLOSE-OUTS

Economic Enterprise: Mr. Barker advised he has received a letter from the Department saying they still intend to reorganize, but they don't have a plan. They are requesting that the funds be made an allocation so they can do the reorganization. Representative Duncan stated he would recommend that just the opposite be done. He suggested if the Department wants to reorganize they can come back next year when they have a plan. Representative Rogers moved the legislative recommendation figures be accepted as an appropriation. There being no objection, it was so ordered.

Loan Fund Administration: There was brief discussion. Chairman Meekins recommended this be tentatively closed. Representative Rogers moved to accept the legislative recommendation figure. There being no objection, it was so ordered.

Veterans Loan Fund: Mr. Barker suggested funding this component at the same level of staffing as the Business Loan Fund Administration is funded. He said they anticipate that if the veterans loan fund is put on a revolving loan fund, the fund would be \$50 million. He said the recommendation would reduce the number of positions to 23. There was discussion. Mr. Barker advised the figures would be: 675.7 personal services; 15.0 travel; 180.8 contractual; 10.6 commodities; 0 equipment; and 30.0 grants/claims. Mr. Barker said this could be a tentative figure until the Legislature decides what it is going to do with loan programs. He said the figure for this component could be zero if the program is taken over by Alaska Housing Finance Corporation. Chairman Meekins suggested taking a tentative figure of zero. There was further discussion. Representative Rogers moved to accept the figure of \$908.5 total, with a position count of 23. There being no objection, it was so ordered.

Tourism: Representative Moss requested that legislative intent be added stating that under Grants \$15.0 is to go to the Nenana Tourist Center, and \$5.0 to the Delta Tourist Center. Representative Duncan said he has no problem with these center's receiving the funds, but he wondered if by putting in this intent they would be cutting out other Centers that normally receive the funds. He asked if any of this money could go into the capital budget. Representative Moss said perhaps \$10.0 for Nenana would be for capital projects. There was discussion. Chairman Meekins moved to add \$10.0 to the grants/claims figure, to otherwise accept the legislative recommendation figures, and to include legislative intent that \$5.0 is for the Nenana Tourist Center and \$5.0 for the Delta Tourist Center.

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Representative Duncan questioned the contractual figure. There was discussion on the tourism industry. Representative Rogers amended the motion to change the contractual figure to \$866.8, which is 85% of the Governor's recommendation. There being no objection to the motion as amended, it was so ordered.

Chairman Meekins moved the following intent to be added under Employment Security in the SOCIAL SERVICES category: The appropriation for Employment Security is based on the current utilization of federal funds. If additional funds become available through increased federal budgets during FY 80, the Department shall request authority to spend the additional federal funding through a revised program request. There being no objection, it was so ordered.

SOCIAL
SERVICES
INTENT
LANGUAGE

Discussion continued on the DEVELOPMENT category.

DEVELOPMENT
CLOSING-OUTS

Department of Commerce & Economic Development:

Energy & Power Development, Energy Planning & Assistance: Representative Moss moved to accept the legislative recommendation figure. There being no objection, it was so ordered.

Energy & Power Development, State Energy Conservation Program: Representative Rogers moved to accept the Governor's figure. There being no objection, it was so ordered.

Energy & Power Development, Energy Extension Service: Representative Rogers moved to accept the Governor's figure. There being no objection, it was so ordered.

Department of Community & Regional Affairs:

Community Planning Services, Community Planning Assistance: Mr. Barker presented a memo indicating what the general funds represent. Chairman Meekins moved to accept the Governor's figure less \$296.4 in general funds. There being no objection, it was so ordered.

Community Planning Services, Municipal Lands Trust: Chairman Meekins moved to accept the legislative recommendation. There being no objection, it was so ordered.

Community Assistance Grants, Agricultural Land Exemption: Representative Moss moved to accept the legislative recommendation of \$215.2. There being no objection, it was so ordered.

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Office of the Governor:

Asian Office: Representative Smith commented on the evaluation of the dollar. She advised that trade between the countries has quadrupled in the last few years. She recommended the Governor's figure be accepted. There was discussion. Representative Smith moved to accept the Governor's figure. Representatives Montgomery and Freeman objected. There was further discussion. Representative Smith commented the office is a good liason for any state or business person to go through to cut through governmental red tape. The question was called for. Representatives McKinnon, Smith, Rogers and Duncan in favor; Representatives Meekins, Freeman, Montgomery, Moss opposed. The motion failed. Representative Rogers moved to accept the Legislative recommendation. The motion carried.

The meeting adjourned at 4:30 p.m.

ADJOURN

HFC 79-106 Side 1 #595 to end
 Side 2 #001 to end
79-107 Side 1 #001 to end
 Side 2 #001 to 544

4/5/79

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH H 01 - JUNEAU 09811

March 12, 1979

The Honorable Russ Meekins
Chairman, House Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Meekins:

On February 26, 1979, the Department of Health and Social Services testified before your committee covering various budget request units within the department. At that time you requested that the department develop economy measures/changes in the Full Cost of Care program and draft any legislation necessary to implement the changes. The following is the department's response to your request.

In order to effect long range savings in the area of service delivery to children under the care of the department, it is anticipated that several measures must be taken. These are itemized and discussed below.

1. Amend AS 47.40.040 to delete reference to development of foster care rates which excludes considerations of salaries. Reference is made to AS 47.40.040 which states: "Child care costs for foster homes shall be computed in the same manner as for child care and nursing home institutions except that no salary costs may be considered." The deletion of this sentence will permit the department to develop other levels of foster care homes [See (2) below] which allow for payment for services provided by the foster parent. To implement the Specialized Foster Care level of service, it is imperative that the amending legislation be enacted this year with an effective date of July 1, 1979. A draft copy of the proposed legislation is Attachment #1.
2. Develop specialized foster care program which would allow for payment for services by qualified foster parents. Attachment #2 describes the proposed specialized foster home program. This program would expand the options for placement of children by the department at a proposed cost of approximately \$35.00 per day.
3. Expand emergency foster home capabilities, particularly in Anchorage, as an alternative to placing children in emergency institutional settings. The emergency foster home program and 24-hour coverage of the Anchorage Social Services Office are described in detail in Attachment #3.

March 12, 1979

4. Initiate 24-hour coverage in the Anchorage Social Services Office to allow for night/weekend placements of children in emergency foster homes or return of child to own home. The emergency foster home program and 24-hour coverage of the Anchorage Social Services are described in detail in Attachment #3.
5. Improve the occupancy level of licensed beds by discontinuing the purchase of services from selected institutions by July 1, 1979. During the first six (6) months of FY 1979 there was a utilization rate of 69.7% of the licensed institutional child care beds on a statewide basis. To improve the utilization rate, the department plans to notify several programs that the department will not make placements in their agencies after June 30, 1979. No change in the statute is considered necessary to effect this change.

It must be realized that there will be pressure brought to bear by those agencies whose services will not be utilized. There may also be adverse reaction from Legislators whose districts are affected. This potentially unfavorable atmosphere has been considered. The benefits of cost containment, in the judgement of the department, out-weigh the adverse effects on the few selected programs. It is realized that any facility not utilized by the department will in all likelihood be forced to close. Less than four percent (4%) of all children receiving services from the reporting institutions during the July 1 - December 31, 1978 period were placed by other agencies.

During FY 1980, the department would not purchase services from approximately four (4) existing programs. This would be a reduction of 25 licensed beds.

Cost savings during FY 1980 are difficult to estimate as there are several variables which can affect expenditures/potential savings. Savings in FY 1981 should approximate \$450,000, the projected cost for the agencies from whom the department will no longer be purchasing services.

FY 1980 would be considered a transitional year for implementing the above steps. It must be recognized that the development of alternative levels of foster care and recruitment of qualified foster parents could not all take place prior to July 1, 1979. The department will implement all or part of the above as allowed by law (AS 47.40.040 amended) and staff resources (training and 24-hour office coverage in Anchorage).

Sincerely,

Helen D. Beirne

Helen D. Beirne
Commissioner

Enclosures

921

4/5/79

A BILL

For an Act entitled: "An Act relating to the purchase by the State of Social Services; and providing for an effective date".

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*Section 1. AS 47.40.040 is amended to read:

Sec. 47.40.040. Determination of full cost of services.

(a) In this chapter, "full cost" of services shall be determined by the per person, per day cost in the preceding fiscal year plus a proportionate share of anticipated cost of living and staff salary increment increases for the fiscal year for which the full cost of services, determined to be necessary by the department, is being determined. [CHILD CARE COSTS FOR FOSTER HOMES SHALL BE COMPUTED IN THE SAME MANNER AS FOR CHILD CARE AND NURSING HOME INSTITUTIONS EXCEPT THAT NO SALARY COSTS MAY BE CONSIDERED.]

(b) Full cost of services does not include the following:

- (1) expenses, including salaries and fees, incurred in raising funds;
- (2) funds expended for construction, major equipment and other capital expenditures;
- (3) depreciation and replacement costs of, and costs of additions to, major property and equipment;

- (4) religious training and education; and
- (5) services provided which are substandard to, or exceed, the requirements of the department.

(1 ch 136 SLA 179)

*Section 2. This Act takes effect July 1, 1979.

SPECIALIZED FOSTER HOME PROGRAM

DESCRIPTION:

Specialized foster parents are to provide treatment within their own home for children having emotional and behavioral problems who would otherwise have to be placed in group homes or institutions. These children are between the ages of eight to eighteen years and are in the custody of the Department of Health and Social Services.

PURPOSE:

The specialized foster home program is a means of addressing the spiraling cost of group home and institutional care of children placed by the Department. This is based on the premise that a significant number of children who are in need of the services of expensive institutional facilities might instead be served in a new specialized form of foster care.

PROGRAM COMPONENTS:

The basic components of the specialized foster home program can be summarized in the following:

1. Careful recruitment, selection and orientation of specialized foster parents.
2. Identification of children who could benefit from specialized foster home care.
3. Purposeful matching and placement of children with specialized foster parents to provide maximum benefits to the child and his natural family.
4. Planned interaction and involvement of the child, his natural family, specialized foster parent and social worker in developing, implementing and reviewing a treatment plan.

TARGET AREAS AND POPULATION:

During FY 1980 a minimum of twenty specialized foster homes will be recruited for twenty children who are presently in either group home or institutional care or who would be placed in such care without a specialized foster home care program.

ROLE OF THE SPECIALIZED FOSTER PARENTS:

The specialized foster parents will differ from regular foster parents in that the following additional duties will be expected of specialized foster parents:

- Working together with the child, his natural family, the social worker and others to develop and implement a treatment program to address the child's emotional and behavioral needs.

- Maintaining records of the child's progress and presenting reports to the supervising social worker.
- Relating to the natural family of the child in a positive manner to help the child's parents learn more effective parenting skills.
- Advocating for the child as appropriate with schools and other community groups.

REQUIREMENTS OF SPECIALIZED FOSTER PARENTS:

- 1) One parent must not work outside the home in order to be available to provide appropriate care to the child.
- 2) The parent who will not work outside the home must have five years experience in working with children. This can include experience as a foster parent or in a child care agency. A Bachelor's degree with specific coursework in child development or a graduate degree in social work, counseling or clinical psychology can substitute for two years of the required experience.
- 3) Ability to work effectively with children and their parents in a therapeutic way.
- 4) Family stability and ability to accept and work with a child with emotional and behavioral problems.

The above qualities and other related skills will be assessed by an in-depth study of the family by a Division foster home finder using an interview format, observation of skills and evaluation of references from persons who know the applicants.

CRITERIA FOR SELECTION OF CHILDREN:

The following are intended as guidelines for the selection of children.

- 1) The child should be within the age range of 8 - 18 years.
- 2) The child should be placed in a specialized foster home located in or near his home community.
- 3) The child should be one, who without this program, would require institutional or group home placement due to emotional or behavioral problems.
- 4) The child should be able to function and have his needs met in a community setting, e.g., should be able to engage in community activities (public schools, recreation, etc.).

FIRST YEAR ESTIMATED COSTS:

Twenty foster parents @ \$700/mo above foster home maintenance rate (average of \$350/mo) for a total cost of \$252,000 per year. As implementation of the program would not take place until September 1, 1979, first year costs would be approximately \$210,000.

One Program Coordinator, Range 20 in Central Office. This position can be established by transferring \$44,000 from line 300 to 100 in the staff development component of the Administration BRU of the Division of Social Services in the FY 1980 Governor's budget. 210

FIRST YEAR ESTIMATED SAVINGS:

The estimated FY 1980 average institutional-group home cost rate is \$60/day. The cost for 20 beds for 10 months is \$365,000. The cost for 20 specialized foster homes for 10 months is \$210,000. This would result in a net savings of \$155,000. 365

REQUIREMENTS FOR IMPLEMENTATION:

- 1) In order to implement this program a statutory amendment will be necessary. AS 47.40.040 will need to be amended. As it presently reads, child care costs for foster home care may not include salary costs. The statute will need to be amended to include salary costs for specialized foster homes.
- 2) The transfer of \$44,000 in the FY 1980 budget from line 300 to line 100 in the staff development component of the Administration BRU of the Division of Social Services.

EMERGENCY FOSTER HOME PROGRAM FOR ANCHORAGE

DESCRIPTION:

Emergency foster homes are available on a 24-hour basis to accept children of all ages who need to be placed in an emergency at night or on weekends.

PURPOSE:

Emergency foster homes in Anchorage are needed in order to avoid children being placed in a receiving home. Currently, given the lack of staff in Anchorage to deal with emergencies at night or on weekends, placements are made by police directly into the receiving home at high institutional costs.

PROGRAM COMPONENTS:

- 1) Recruitment and selection of foster parents who are willing to be available to accept children at night and on weekends.
- 2) Additional staff for the Anchorage service unit to enable workers to provide night time intake.

By having additional staff available at night and on weekends, not only could placements be made directly into foster homes, but the need for many placements would be avoided by workers being available to locate parents and to provide emergency counseling. This has proven to be the case in other communities where night time staff are available, as in Ketchikan.

TARGET AREA:

Anchorage

REQUIRED FOR IMPLEMENTATION:

- 1) Sufficient staff to provide night time and weekend coverage. House Finance has placed six additional staff for the Anchorage service unit in the Division's FY 1980 budget to reduce caseloads. Should those positions remain in the budget, this service could be provided at no additional cost to the state.
- 2) Emergency foster homes could be recruited from the existing pool of foster parents as well as from the general population. Study will be required to determine whether existing augmentation rates for emergency care are adequate to ensure the availability of foster homes in Anchorage.

PROJECTED SAVINGS:

Total cost/savings cannot be projected since emergency foster home costs have not been determined. However, there will be a substantial cost saving in the institutional line.

A M E N D M E N T

Offered in the HOUSE

By Fuller

TO: HCSSJR 25

Page 1, line 8:

After "sites" insert "and in property at the Unalakleet airport"

Page 2, line 6:

After "site", insert: "and facilities on lot 1, block 5 at Unalakleet airport"

Delete: "an educational facility" and insert: "educational facilities"

Page 2, line 11:

After "sites", insert: "and in lot 1, block 5 at Unalakleet airport"

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HOUSE FINANCE COMMITTEE

April 6, 1979

9:10 a.m.

All members of the Committee were present. Representatives McKinnon and Schaeffer arrived later in the meeting. Also present were Speaker of the House Terry Gardiner, and Bill Spears, Alaska Renewable Resources Corporation.

PRESENT

Chairman Meekins called the meeting to order. The purpose of the meeting was to receive additional information on the Renewable Resources Corporation in the DEVELOPMENT category.

DEVELOPMENT
Alaska
Renewable
Resources
Corp.

TAPE #

DESCRIPTION

HFC 79-107 Side 2

- 544 Rep. Gardiner advised he is testifying on an Agency budget because of the unusual circumstances. He said the Legislature passed legislation on the Alaska Renewable Resources Corporation, and it took the Governor awhile to appoint the Trustees. Because of that, an operating budget was submitted, but not an investment budget.
- 592 Rep. Gardiner explained the concept behind the renewable resources corporation.

(Rep. McKinnon arrived at this time.)
- 630 Rep. Gardiner said they had considered the question of how the money from the Renewable Resources Corporation would be spent, and they came up with the concept that the best thing to do would be to channel the money into the private sector. He explained further, and stated that in the development of an industry there is a "start up" phase, where a person cannot get a loan. He said they would try to put the money into starting up an industry, so they would really be starting something new. He said the idea is to invest the money with people who are interested in putting their own money and time into developing a renewable resource. He commented if there is no investment fund, there is no reason to have a renewable resource corporation.
- 720 Rep. Gardiner advised the Corporation hasn't been able to put together a very good budget because they just got organized. He has suggested they prepare a budget and submit it to the Legislature. Chairman Meekins asked how much money is in the renewable resources fund, and Rep. Gardiner said there should be \$18 million this year.

- 001 Rep. Gardiner said the permanent investment fund has not even been set up yet. Renewable Resources has been broken out into a seperate fund, but it is being spent on normal Governor's projects. He said renewable resource funds should not show up as coming into the general fund.
- 050 Rep. Moss commented the funding for the Delta Barley agricultural project is important to him. He said he understands the Senate wants 50% of the funding to come from Renewable Resources. Rep. Gardiner said he thinks the Delta Barley project should be funded from general funds.
- (Rep. Schaeffer arrived.)
- 160 Further discussion on funding for Renewable Resources.
- 275 Rep. Freeman asked if the funds show up in the general fund balance. Mr. Spears said they don't show up in the general fund, but revenue projections don't differentiate between renewable resources and general funds.
- 337 Further discussion on funding. Mr. Spears said there will be \$18 million as of June 30 in the fund, so according to the statutes, there would be approximately \$5 million available for appropriation. Rep. Gardiner said he wants to be sure that of the \$18 million, \$9 million goes into the investment fund, and the other \$9 million is appropriated to the Corporation. In terms of the \$9 million appropriated to the Corporation, he is suggesting the Legislature appropriate 75% of that amount. They can then come back next January and give a report on what they have done, and how far they have gotten.
- 416 Chairman Meekins said discussion would continue at this afternoon's meeting. The meeting adjourned at 9:50 a.m.

ADJOURN

Tape HFC 79-107 Side 2 #544 to end
79-108 Side 1 #001 to 416

4/6/79

HOUSE FINANCE COMMITTEE

April 6, 1979

1:40 p.m.

All members of the Committee were in attendance, except Representative McKinnon. Representatives Smith, Guy and Duncan arrived later in the meeting. Also in attendance: Phil Hubbard and Bill Spear, Alaska Renewable Resources Corporation; Milt Barker and Bob Schroeder, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and advised the Committee would continue with hearings on the Alaska Renewable Resources Corporation in the DEVELOPMENT budget.

DEVELOPMENT

Phil Hubbard referred to a packet he distributed to the Committee this morning and pointed out a section dealing with anti-trust. He stated there is not a shortage of loan funds; the shortage is in risk capital. He discussed the permanent fund making equity investments. He referred to his memorandum (attached) to Governor Hamond that was forwarded on March 19, noting the first paragraph asks for a reduction in Alaska Renewable Resources Corporation (ARRC) budget from \$850.0 to \$642.4.

ALASKA
RENEWABLE
RESOURCES
CORPORATION

Mr. Hubbard commented on the draft letter (attached) to Senator Sackett, last paragraph, second page, which notes a revenue estimate of \$18 million in FY 80. He pointed out new revenue estimates are for \$22 million, which would increase ARRC's entitlement to \$11 million. There was discussion on loan funding sources.

[Representative Smith arrived at this time.]

Mr. Hubbard discussed the breakout of the reduction noted in his memorandum (attached) to Senator Sackett.

[Representative Guy arrived at this time.]

There was further discussion on the breakout regarding the number of positions. Responding to a question from Representative Rogers, Milt Barker noted six positions was the fiscal note that was approved. Mr. Hubbard advised nine positions were submitted by the Governor and they cut this by four to five positions. Mr. Barker advised there were two fiscal notes submitted last year; one by the Department of Revenue and one by him. He stated the fiscal note approved was for \$400.0, which specifically listed six positions. Mr. Hubbard commented the revised total (\$642.4) includes five positions; three trustee financial officers, an administrative assistant and secretary I.

[Representative Duncan arrived at this time.]

Chairman Meekins asked for an explanation of contractual services, and Mr. Hubbard distributed a handout (Attachment 2) showing a breakout of this. He also discussed advertising and promotion; i.e., printing. He stated public awareness would be handled through TV, brochures, etc.

Chairman Meekins asked if everything would be ready to go by July 1, and Mr. Hubbard indicated he feels they will be ready by the end of May. He stated they will decide how to proceed; equity basis or grant basis. Chairman asked if they will be considering a lapse this year, and Mr. Hubbard indicated yes, they will be lapsing a considerable amount. Chairman Meekins commented he would just as soon they use last year's budget money, if necessary, as opposed to this year's budget.

There was discussion on the enabling legislation, CSHB 682 (attached). Representative Rogers noted one of ARRC's mandates is development of new markets and asked how they will go about this. Mr. Hubbard cited markets for sea urchins, oysters, etc., as examples. He stated this is market development. He advised they are not creating a new market--the market is there, in Japan; it is just a matter of Alaska utilizing this.

During discussion, Mr. Hubbard advised this money comes from the oil and gas bonuses and automatically goes into the ARRC account. He pointed out the Legislature must authorize ARRC to use it; then if the Legislature does appropriate it, it goes into a trust fund. He commented the \$9.7 million is the actual amount that will be in the account on Monday. The money has been accruing since July 1, he advised, but the Act would not be effective until October 15. Representative Moss asked if this money could be used for such things as the Delta barley project, and Mr. Hubbard advised this is not in the statute. Mr. Spears explained the Delta barley project would provide a precedent.

There was discussion on Speaker Terry Gardiner's suggestion this morning on short-funding in ARRC's operating or capital budget this year.

Representative Rogers moved the figure \$642.4, with six positions authorized, and the fund source be 100% general fund, with no other intent. There being no objection, it was so ordered. He noted the total would be \$11,150.0 and that only 50% should be allocated now, with a hold put on it.

MOTION

Responding to a question, Mr. Barker advised this should be put in the capital budget, or part could be put in the operating budget under grants and claims. Brief discussion. Mr. Barker advised this completes the DEVELOPMENT budget.

DEVELOPMENT
BUDGET CLOSED

[The meeting recessed at 2:25 p.m. and reconvened at 2:45 p.m.]

RECESS

Chairman Meekins advised the Committee would close out the remaining open components in the PUBLIC PROTECTION budget.

PUBLIC
PROTECTION

Bob Schroeder distributed to Committee members a computer printout and advised Column 9 is what the Committee took, and Column 13 reflects the Committee formula.

DEPARTMENT OF ADMINISTRATION

State Recorder, pg 3: Chairman Meekins noted this was left open pending information on data processing chargeback. Mr. Schroeder pointed out the legislative recommendation of \$91.4 in contractual "won't get them out of the starting gate". Representative Rogers moved that fixed costs (DP chargeback and rent) be added to the Committee formula. Mr. Schroeder recommended \$167.2 for contractual, which includes fixed costs, making the total \$1,035.8. Representative Rogers so moved. There being no objection, it was so ordered.

DEPARTMENT OF LAW

Office of Consumer Protection, pg 5: Representative Rogers moved to recind previous Committee action and moved the legislative recommendation, which does allow Position #1, making the total \$433.8. There being no objection, it was so ordered.

DEPARTMENT OF REVENUE

Alcoholic Beverage Control Board, pg 7: Chairman Meekins noted this was left open pending a question on Sunset review. Representative Rogers moved the legislative recommendation. Representative Duncan objected. Representative Rogers moved to amend his motion to include Position #1. Representative Freeman objected. During discussion, Representative Duncan pointed out this position was filled through RP during the interim (Governor through Budget & Audit Committee). There being no further objection, it was so ordered.

DEPARTMENT OF LABOR

Worker Protection, Admin of Workmens Compensation, pg 31: Representative McKinnon noted this was left open at Representative Rogers and his request. He advised their proposal is for adding a third board--in Fairbanks; currently, there is one in Southeast and one in Anchorage. He stated this recommendation probably won't affect the figures at all. Representative Rogers noted adding a new board will require new legislation, and if there are any costs, this could be put in a fiscal note.

Mr. Schroeder recommended \$67.3 in contractual for fixed costs. Representative Rogers moved the legislative recommendation with the recommended fixed cost figure. There being no objection, it was so ordered. Mr. Schroeder advised the adjusted total is \$1,039.3.

Worker Protection, Wage & Hour Administration, pg 33: Representative Rogers moved to recind previous Committee action and moved the legislative recommendation plus fixed costs. Mr. Schroeder advised this makes contractual \$58.0 and total expenditure \$596.6. There being no objection, it was so ordered.

Life & Property Protection, Mechanical Inspection, pg 37: Representative Rogers moved to recind previous Committee action and moved the legislative recommendation plus fixed costs. There being no objection, it was so ordered. Mr. Schroeder advised contractual is \$68.1 and total expenditure is \$526.8.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

Insurance: Mr. Schroeder advised what he did was to allocate \$652.5 for all three components and placed it under miscellaneous on pg 57, Market Surveillance. Chairman Meekins recapped this was FY 79 plus 85% plus salary increases. Representative Rogers suggested taking off the sub-program name on pg 57. Representative McKinnon moved the legislative recommendation and that this be placed in a component just titled Insurance and keeps the full 18 positions. Representative Rogers objected. The question was called for, and the motion carried. The figure \$704.3 and the appropriation was approved.

Reg of Business & Professions, Occupational Licensing, pg 65: Representative Rogers moved the legislative recommendation (21 positions), which does not include the new position. There being no objection, it was so ordered. Mr. Schroeder advised contractual is \$216.2 and total expenditure is \$890.9.

Reg of Business & Professions, Administration & Support, pg 67: Representative Rogers moved legislative recommendation (contractual - \$88.9; total expenditure - \$602.7). There being no objection, it was so ordered.

Alaska Public Utilities Commission, pg 69: Representative Rogers moved legislative recommendation plus fixed costs. There being no objection, it was so ordered.

Alaska Transportation Commission, pg 71: Representative Freeman moved legislative recommendation (contractual - \$181.3; total expenditure - \$1,280.9). There being no objection, it was so ordered.

Alaska Pipeline Commission, pg 73: Representative Rogers moved the legislative recommendation. There being no objection, it was so ordered.

DEPARTMENT OF MILITARY AFFAIRS

Alaska Disaster Office, Civil Defense Planning, pg 79: Mr. Schroeder pointed out \$115.6 of the recommended contractual figure (\$137.2) is for new rent this year. Representative Rogers moved the House figure \$530.3, recognizing that the \$115.6 would not be included. He stated Anchorage is suing, and this could be added by supplemental next year after the case is settled. There being no objection, it was so ordered.

Alaska Disaster Office, Flood Control, pg 85: Representative Rogers moved the Governor's figure \$75.0. There being no objection, it was so ordered.

Alaska Disaster Office, Training, pg 87: Chairman Meekins moved the Governor's figure \$30.0. There being no objection, it was so ordered.

Disaster Relief Act, pg 89: Representative Rogers moved the Governor's figure \$53.2. There being no objection, it was so ordered.

Alaska National Guard, Office of Adjutant General, pg 93: Chairman Meekins moved the legislative recommendation. There being no objection, it was so ordered.

State Armories, pg 95: Chairman Meekins moved the legislative recommendation (contractual - \$346.5; total expenditure \$861.9). There being no objection, it was so ordered.

Federal Armories, pg 97: Representative Rogers moved total expenditure of \$901.6 and federal receipts and general fund match, but no general fund, and allow the position. Representative Duncan noted Position #1 is filled, and Position #2 is federally funded. Chairman Meekins objected and moved to amend this by taking out Position #1 and taking Position #2. There being no objection, it was so ordered.

Army Training Support, pg 99: Chairman Meekins moved the legislative recommendation with the position added. There being no objection, it was so ordered.

Air Training Support, pg 101: Representative Rogers moved the House figure \$716.0. There being no objection, it was so ordered.

Recruitment Retention Org Military, pg 103: Mr. Schroeder noted a transfer in of two positions from the Adjutant General and recommended the following adjustments: travel - \$4.6; contractual - \$8.9; commodities - \$1.9; total expenditure - \$432.5. Chairman Meekins moved the legislative recommendation with those adjustments. There being no objection, it was so ordered.

Alaska Military Academy, pg 105; Representative Rogers moved the legislative recommendation. There being no objection, it was so ordered.

DEPARTMENT OF NATURAL RESOURCES

Agricultural Inspection, Plant Industry, pg 109: Representative McKinnon moved to recind previous Committee action and moved the legislative recommendation. Representative Rogers objected and moved to amend to the Governor's figures. Representative Duncan objected and moved to amend to the Governor's personal services figure and the legislative recommendation for other figures. The question was called for, and the motion carried (six in favor; two opposed).

Agricultural Inspection, Animal Industry, pg 111: Representative Haugen pointed out he feels there is a defficiency here; i.e., more money is spent here than in the Seafood Industry which is larger. Chairman Meekins moved to recind previous Committee action and moved the legislative recommendation with fixed costs added (contractual \$66.8; total expenditure \$638.1). There being no objection, it was so ordered. He advised Representative Haugen that he would put Animal and Seafood Industry on his list of things to look into during the interim.

Agricultural Inspection, Seafood Industry, pg 113: Chairman Meekins moved to recind previous Committee action and moved legislative recommendation. There being no objection, it was so ordered.

DEPARTMENT OF PUBLIC SAFETY

Fire Safety, pg 115: Mr. Schroeder recommended \$101.2 for contractual. Representative Freeman moved the legislative recommendation. Representative Duncan objected, then withdrew his objection. Representative Rogers moved to amend this to the Governor's personal services figure and all other figures legislative recommendation. There being no objection, it was so ordered.

Driver Vehicle Services, Driver Services, pg 125: Mr. Schroeder recommended \$291.6 in contractual for fixed costs, making total \$767.5. Representative Rogers moved the legislative recommendation plus fixed costs plus the INTENT deleting uniforms. There being no objection, it was so ordered.

INTENT

Vehicle Services, pg 127: Mr. Schroeder recommended adding fixed costs (contractual \$108.3; total \$360.2). Chairman Meekins moved the legislative recommendation plus fixed costs plus INTENT deleting uniforms. There being no objection, it was so ordered.

INTENT

Field Operations, pg 129: Chairman Meekins moved the following figures: \$1,895.3 - personal services; \$9.4 - travel; \$10.0 - commodities; \$0 - equipment; \$43.8 - lands/bldgs; \$254.4 - miscellaneous; and INTENT deleting uniforms. There being no objection, it was so ordered. Mr. Schroeder recommended contractual figure of \$1,411.8. Representative Duncan noted the RCA increase and moved \$1,759.8. There being no objection, it was so ordered.

INTENT

Administration, pg 131: Chairman Meekins moved the following figures: \$475.4 - personal services; \$10.5 - travel; \$116.8 - contractual; \$15.9 - commodities; \$0 - equipment; \$26.0 - lands/bldgs. There being no objection, it was so ordered.

Mr. Schroeder advised this closes the PUBLIC PROTECTION budget.

PUBLIC PROTECTION
CLOSED

The meeting adjourned at 4:00 p.m.

ADJOURN

Tape HFC 79-108 Side 1 #416 - End
 Side 2 #001 - End
 79-109 Side 1 #001 - #637

ALASKA RENEWABLE RESOURCES CORPORATION

BOX 1647

JUNEAU, ALASKA 99802

(907) 465-4616

TO: Governor Jay S. Hammond
Pouch A
Juneau, Alaska 99811

FROM: Phil Hubbard
Wm. E. Spear

SUBJECT: Budget Amendment
Request FY 80

FY 80 Operating Budget:

The operating budget prepared and submitted by the Department of Revenue has been amended to provide for the staffing, travel and contractual services of the Corporation. The amended request of \$642.4 reflects our assesment of the first year's requirements for planning, project analyses and financial strategy development. It is recommended that the funding source be changed to the General Fund in accord with AS 37.12.095(b).

FY 80 Capital Budget:

AS 37.12.020(a) and (b) allocate to ARRC five percent of the receipts from mineral lease bonuses and rentals for state land and royalties derived from minerals produced on state land. Fifty percent of those receipts are to be placed in the Renewable Resources Investment Fund to be invested in perpetuity by the Treasury Division following investment policy consistent with the prudent-man rule.

The remaining fifty percent is allocated to the ARRC Development Fund for investments by the Trustees, subject to appropriation by the legislature. Budgets for the Development Fund are specified by the act to, "include amounts of proposed financial assistance broken down by financing mechanism and resource sector affected..." A maximum of ten percent of the Development Fund may be used for Grants. The stated purpose of ARRC and its budget procedures (AS 37.12.095) do not provide for naming specific projects within its capital request documentation.

FY 80 revenue estimates for the Renewable Resource Development Fund are projected by the Treasury Division to be \$18,000.0. Therefore, \$9,000.0 would be available for the Investment Fund and \$9,000.0 for the Development Fund.

Inasmuch as ARRC was not established during the regular budget-review cycle, it is now recommended that the Governor's request be amended to appropriate to ARRC its \$9,000.0 entitlement.

Limited by statute (AS 37.12.080), ten percent (\$900.0) would be available for grants. The Trustees view the amount as a reasonable sum to be split among four major resource sectors. The four sectors are Fisheries, Timber, Agriculture, and Renewable Energy.

The Trustees feel the investment of the Development Fund in private enterprise is the distinguishing feature of its activities. Therefore, the major emphasis of the Development Fund will be directed for equity investments in the private sector.

This investment activity sets ARRC apart from normal line agencies where resources are expended on government programs and government personnel. Investments in private companies flow directly into the private sector, assisting start up and expansion of business activities.

ARRC has considerable tasks to perform in coming months. With that in mind, the Governor may wish to request partial funding (perhaps 75%) of the capital budget so that the legislature has an opportunity to further evaluate the progress of the corporation in January, 1980. Unless an appropriation is made to ARRC, prospective firms, individuals and ideas are not likely to surface. A budget request amendment by the Governor and an appropriation by the legislature will be indicative of their support for implementing the act.

TO: Senator John Sackett

DRAFT

FROM: Governor Jay S. Hammond

Please amend Executive Budget FY 80 Request to provide for a decrease in the operating budget and a change of funding source for the Alaska Renewable Resources Corporation as follows:

FY 80 Request: \$859.7 Source: Renewable Resource
Development Fund

FY 80 Request

Amended: \$642.4 Source: General Fund

At the request of the Board of Trustees, the Alaska Renewable Resources Corporation has been authorized to prepare an investment budget for immediate submission to the legislature. Time did not permit the corporation to participate in the normal budget process this year and it had been anticipated that its first investment budget would be submitted next year. The trustees have asked for the

opportunity to place a proposed budget before this legislature, and I have conditionally agreed. Their proposal will have my approval if it can be incorporated into the state's budget without exceeding my prescribed ceiling. In other words, for every dollar added to the corporation's investment budget, one must be subtracted from somewhere else.

It is my understanding that the Department of Revenue and the Legislative Affairs Agency are estimating the Renewable Resources Development Fund will accrue \$18,000.0 in FY 80. It is requested, therefore, pursuant to ARRC enabling legislation, that the corporation's capital budget for FY 80 be established at \$9,000.0, representing the fifty per cent entitlement provided for by statute.

ALASKA RENEWABLE RESOURCES CORPORATION

BOX 1647

JUNEAU, ALASKA 99802

(907) 465-4616

To: Honorable John Sackett, Chairman
Senate Finance Committee

From: W.E. Spear
H.P. Hubbard

Subject: FY80 Budget
Request

During the Corporation's initial startup period, well-defined goals, objectives, procedures and financial plans must be developed. Specifically, the Corporation will require active involvement with the private sector and detailed analyses of its enterprises and proposals.

The following changes in the Corporation's FY80 budget request should allow sufficient public contact, as well as project evaluation, and the development of a corporate strategy for reaching its goals:

CODE	FY 80 REQUEST	CHANGE	FY 80 AMENDED
0100	408.5	Delete: Ex. Director 50.3 Grants Off. 28.9 Clerk III 12.7 Acct. IV 25.0 Add: Admin. Asst. III 21.6 122.0 (30.0%)	286.5
0200	48.1	Delete: In-State Trans 4.3 Out-State Trans 7.0 Add: In-State Per diem 2.9 8.4 (17.5%)	39.7
0300	398.3	Delete: Safekeeping 50.0 Audit 25.0 Other Fees 11.9 86.9 (21.8%)	311.1
0400	5.1	(No change)	5.1
Total	859.7	217.3 (25.3%)	642.4

HOUSE FINANCE COMMITTEE REPORT
ON CS HB682 (Finance)

The Renewable Resources Development Fund was established by the legislature in 1974 to provide for the rehabilitation, enhancement, and development of the state's renewable resources. The Fund consists of at least five percent of all mineral lease bonuses and royalties, and rentals from state lands. The proposed legislation establishes the Alaska Renewable Resources Corporation to invest half of the receipts of the Fund in renewable resource-based industries. The other half of the Fund would be saved through the Renewable Resources Investment Fund. The name of the Renewable Resources Permanent Fund (AS 37.11.050) is changed to the Renewable Resources Investment Fund to avoid confusion with the Alaska Permanent Fund (Article 9, section 15 of the Alaska State Constitution).

Investments of the Alaska Renewable Resources Corporation (ARRC) would focus on new products, markets, and technologies which are the key components of expanded renewable resource-based economic activity. Products and markets result from any economic use of the resources, while technologies include the methods for managing, harvesting, processing, or delivering the goods to market. ARRC would also provide funds for the applied research, development and demonstration of new renewable resource-based activities, and the seed capital necessary to introduce them into commercial markets.

For the earliest stages of renewable resource industry development (applied research and development), the Committee does not envision ARRC funding of general or basic research by the university or other scientific research organizations. This type of research is covered by other programs. Rather, ARRC-funded applied research and development activity would utilize the fruits of basic research to develop specific products or processes for commercial purposes.

In addition to stimulation of new economic activity based on the state's renewable resources, investment goals also include the maintenance or expansion of resource productivity, the development of in-state and export markets, and the expansion of resident employment, income, and governmental revenues from renewable resource development.

The term renewable resources is defined in terms of the resource base, which remains relatively constant over time, rather than in terms of economic activity, which changes over time. Accordingly, non-human living organisms, air, land, water, and naturally recurring energy systems are intended as the target of investment activity. In the tourism industry, for example, the Committee contemplates investment in the resources on which the industry is partially based, such as sport fishing, but not such capital components of the industry as hotels and lodging facilities.

An integral part of the bill is the concept of achieving an appropriate use of the resources. As trustees of our renewable resources the state is constitutionally directed to seek the most beneficial uses. ARRC investment decisions should consider both expected financial returns and the effects of resource development on both the target resource and on other resources. Achieving appropriate resource use at the inception of economic activity will greatly benefit the state and its residents by avoiding longer-run regulatory and rehabilitation burdens resulting in more stable economic activity based on all of the state's renewable resources.

In its deliberations, the Committee determined that the most effective method of investment includes both equity and debt secured by a variety of mechanisms to provide a return to the corporation when an investment starts to generate income. Such methods maximize incentives for entrepreneurship through ARRC sharing of the risks inherent in new ventures and imposing no debt service burdens until the enterprise is earning income. The corporation would in turn receive high returns from its successful investments, commensurate with the risks undertaken.

The Committee identified three important types of activity which may have no income producing potential (depending on the specifics of the project) and therefore must be funded by grants. These include applied research (which directs basic research toward specific products and processes for commercial purposes), one-time-only demonstration, and common property resource projects where the benefits accrue to the general public. Funds available for grants are limited to ten percent of the corporation's annual appropriation and to ninety percent of a project's costs.

In addition to the lack of start-up capital, the Committee found that another major obstacle to renewable resource development is a shortage of Alaskans trained in new harvesting, processing, or marketing techniques and business management skills. CS HB682 provides for the corporation to finance technical assistance to supplement the expertise of its applicants. The corporation is specifically forbidden, however, from managing its projects. The costs of this assistance are to be repaid by the borrower.

The flow of funds, as established in AS 37.11 (Renewable Resources Development Fund), begins with the deposit of at least five percent of all mineral lease bonuses and royalties, and rentals from state lands, into the Renewable Resources Development Fund. Under the proposed legislation, half of this amount would be allocated to the ARRC and half would be allocated to the Renewable Resources Investment Fund. Under existing law (AS 37.11.060), only those funds not expended out of the Development Fund would be deposited in the Investment Fund. When the Investment Fund reaches \$250 million, the five percent flow into the Development Fund ceases and the only further source of money under this program is the income from the Investment Fund. The Committee was concerned that this system creates an incentive to spend out of the

Development Fund to prevent the Investment Fund from ever reaching the \$250 million cap. Therefore the fifty-fifty split was devised as a "forced savings" both to remove this incentive to spend and to insure the availability of Investment Fund income in perpetuity.

Investment Fund principle under the bill would be invested by the treasury division of the Department of Revenue in secure investments (under AS 39.35.110). The earnings from these investments would be available for legislative appropriation to programs for the rehabilitation, enhancement, and development of the state's renewable resources. The bill proposes as the primary use of Investment Fund income the restoration of the state's renewable resources. Because restoration of public natural resources in most cases is not a direct profit generating activity, the state must take the lead in performing this essential public purpose. Restoration includes such activities as fish hatcheries, land reclamation and habitat improvement.

The allocation into the corporation would be available for investments or grants as described above. The corporation would be subject to the Executive Budget Act (37.07) and may expend money only as appropriated by the legislature. The earnings from corporation investments, and unexpended or unobligated appropriations from previous fiscal years, may be retained by the corporation for expenditure through subsequent appropriations. The operating budget of the ARRC would come from legislative appropriations from the general fund.

MMNC Capital Budget

4-6-79

Financing Mechanism	Resource Sector
---------------------	-----------------

Equity Investments	\$ 8,100,000
--------------------	--------------

Fisheries							
Salmon	Bottom Fish	Shell Fish	Other				
P/P	S/P	P/P	S/P	P/P	S/P	P/P	S/P
\$ 3,500,000							

Timber							
Spruce	Cedar	Birch	Hemlock				
P/P	S/P	P/P	S/P	P/P	S/P	P/P	S/P
\$ 2,000,000							

Agriculture							
Milk	Rape & Barley	Potatoes	Animal Husbandry				
P/P	S/P	P/P	S/P	P/P	S/P	P/P	S/P
\$ 2,000,000							

Alternate Energy							
Wind	Geo/Ther	Solar	Wood				
P/P	S/P	P/P	S/P	P/P	S/P	P/P	S/P
\$ 600,000							

- A.
- Pre-Investment Advice
 - Tech. & Mngmnt. Advice
 - Commercial Demonstration
 - New Products
 - identification
 - marketing

B.
Maximum of \$1,500,000
per project & 49% ownership

ARRC may assist through such financial mechanisms as:

- Corporate finance; (a) common stock (b) preferred stock, (c) convertible pfprd, (d) straight debt, (e) convertible debt (f) debt w/warrants
- Municipal & Revenue Bond Issues Participation (four types of tax ex)
- Leveraged Lease Agreements (two types may apply to trust groups)

* P/p = Primary Production S/p = Secondary Processing and Marketing

Grants	\$ 900,000
--------	------------

Fisheries							
Salmon	Bottom Fish	Shell Fish	Other				
P/P	S/P	P/P	S/P	P/P	S/P	P/P	S/P
\$ 200,000							

Timber							
Spruce	Cedar	Birch	Hemlock				
P/P	S/P	P/P	S/P	P/P	S/P	P/P	S/P
\$ 200,000							

Agriculture							
Milk	Rape & Barley	Potatoes	Animal Husbandry				
P/P	S/P	P/P	S/P	P/P	S/P	P/P	S/P
\$ 200,000							

Alternate Energy							
Wind	Geo/Ther	Solar	Wood				
P/P	S/P	P/P	S/P	P/P	S/P	P/P	S/P
\$ 300,000							

A.
Research and Development
Maximum 10% of appropriation

Attachment 1



1978

Source

CSHB 682 (Finance)

Chapter No.

179

AN ACT

Relating to the renewable resources funds.

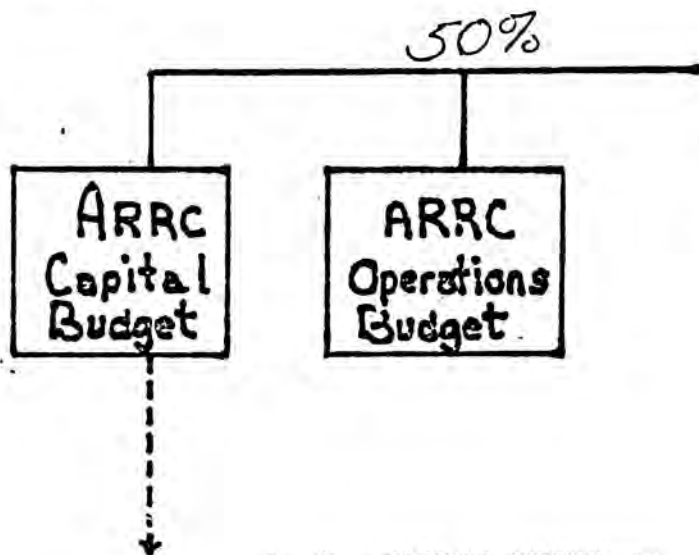
AS 37.11.020 five per cent of the total receipts paid the state from mineral lease bonuses and rentals for state land and royalties derived from minerals produced on state land. Payments of the amount allocated by this section shall be made to the corporation by the Department of Revenue on a monthly basis.

(b) Fifty per cent of all actual receipts of the corporation, from whatever source except receipts from the corporation's investments, shall be deposited into the ~~renewable resources investment fund~~ (AS 37.11.050).

Sec. 37.12.095. BUDGET AND APPROPRIATIONS. (a) The corporation may expend money only as appropriated by the legislature. The corporation is subject to the Executive Budget Act (AS 37.07) except as provided in (b) and (c) of this section.

(b) The budget of the corporation shall include the categories and amounts of proposed financial assistance broken down by financing mechanism and resource sector affected and all funds received by the corporation whether through allocations made by this chapter, appropriation, or otherwise. The total amount of the corporation's operating budget shall be specified separately in its budget and be appropriated from the general fund.

(c) The unexpended and unobligated portion of the appropriations, ~~other than appropriations for operating expenses~~, does not lapse into the general fund at the end of a fiscal year, but remains available for appropriation as provided in this section in subsequent fiscal years.



Sec. 37.11.040. ~~FUND BALANCES. Unappropriated or otherwise unencumbered balances remaining in the Alaska renewable resources development fund at the close of each fiscal year shall be transferred to the Alaska renewable Resources investment fund.~~

* Sec. 6. AS 37.11.060 is amended to read:

Sec. 37.11.060. ~~FUND PRINCIPAL. Unappropriated or otherwise unencumbered balances remaining in the Alaska renewable resources development fund at the close of each fiscal year shall be deposited in the investment fund. These deposits shall be considered fund principal and shall be invested in perpetuity in accordance with sec. 90 of this chapter.~~

Chapter 179

* Sec. 5. AS 37.11.050 is amended to read:

Sec. 37.11.050. ALASKA RENEWABLE RESOURCES INVESTMENT FUND. There is established as a separate fund the Alaska renewable resources investment fund. Funds apportioned by sec. 60 of this chapter for deposit in the investment fund are to be held perpetually in trust for the benefit of both present and future generations of Alaskans.

* Sec. 7. AS 37.11.070 is amended to read:

Sec. 37.11.070. UTILIZATION OF FUND INCOME. (a) Income received from investment of investment fund principal shall not be held in trust, but shall be used to provide funding for capital and operating appropriations for the rehabilitation, enhancement and development of renewable resources programs. The primary purpose of the programs shall be to restore the renewable resources of the state for common beneficial uses.

(b) Plans for expenditures from fund income shall be prepared in detail by the cooperative efforts of the Departments of Natural Resources, Fish and Game, Environmental Conservation, and Commerce and Economic Development, and shall be submitted by the governor in accordance with the Executive Budget Act (AS 37.07) as part of his annual budget presentation to the legislature. Not less than 50 per cent of the total plan submitted each year shall be apportioned for direct capital expenditures or investments.

* Sec. 8. AS 37.11.080 is amended to read:

Sec. 37.11.080. PROTECTION OF PRINCIPAL. A transaction involving investment fund principal which results in an actual dollar loss of principal shall be reimbursed in full from fund income before any additional income is expended.

* Sec. 9. AS 37.11 is amended by adding a new section to read:

Sec. 37.11.090. INVESTMENTS. Investment responsibility for the Alaska renewable resources investment fund shall reside with the treasury division of the Department of Revenue. The treasury division may invest the Alaska renewable resources investment fund in any investments authorized in AS 35.25.110 so long as its investment policy

4-6-79

Attachment 1

ROI-028-1900
194193

STATE OF ALASKA
UNRESTRICTED CURRENT YEAR RECEIPT BALANCE
PERIOD 07/01/73 THROUGH 03/31/79

PAGE 1

DEPT NATURAL RESOURCES
FROM MINERAL RESOURCES
DIV MINERAL & ENERGY MGT

ESTIMATES RECEIPTS REFUNDS TRANSFERS RECEIVABLES GENERAL-EXCISE

COLLOCATION DESCRIPTION..... FUND ACCT
10-43-4-266 AK RENEW RESOURCES..... 125 6200

BUDGETARY DESCRIPTION.....
04-43-04-02-00 MINERAL & ENERGY MGT
..PETROLEUM MGT

525 COAL RENTAL LEASE 525.73
527 COAL ROYALTIES 3,209.27
530 OFFSHORE PROSPECT RENT 1,104.85
533 MINERAL LEASE RENT 85,855.82
537 BONUS MINERAL LEASE 25.00
539 ROYALTY GAS PROP 135,904.28
540 OTHER MINERAL ROYALTY 121.85
547 ROYALTY OIL PROD 8,556,848.35

525.73
3,209.27
1,104.85
85,855.82
25.00
135,904.28
121.85
8,556,848.35

FORM TOTAL AK RENEW RESOURCES 8,694,785.15

COLLOCATION DESCRIPTION..... FUND ACCT
10-43-4-267 ALASKA PERMANENT FND..... 726 6200

BUDGETARY DESCRIPTION.....
04-43-04-02-00 MINERAL & ENERGY MGT
..PETROLEUM MGT

304 OIL GAS LEASE ROYAL 150,155.64
305 MINERAL RENTALS 4,422.02
525 COAL RENTAL LEASE 3,128.85
527 COAL ROYALTIES 16,134.31
530 OFFSHORE PROSPECT RENT 5,665.00
533 MINERAL LEASE RENT 435,697.49
537 BONUS MINERAL LEASE 447.57
539 ROYALTY GAS PROP 674,521.53
540 OTHER MINERAL ROYALTY 22,815.15
547 ROYALTY OIL PROD 50,415,559.52

150,155.64
4,422.02
3,128.85
16,134.31
5,665.00
435,697.49
447.57
674,521.53
22,815.15
50,415,559.52

FORM TOTAL ALASKA PERMANENT FND 51,743,935.25

COLLOCATION DESCRIPTION..... FUND ACCT
10-43-4-263 RES FOR CAP OUTLAY..... 100 5512

BUDGETARY DESCRIPTION.....
04-43-04-02-00 MINERAL & ENERGY MGT
..PETROLEUM MGT

304 OIL GAS LEASE ROYAL 150,155.64
305 MINERAL RENTALS 4,422.02
525 COAL RENTAL LEASE 2,387.17
527 COAL ROYALTIES 10,055.67
533 MINERAL LEASE RENT 240,254.84
539 ROYALTY GAS PROP 114,709.09
547 ROYALTY OIL PROD 31,315,473.84

150,155.64
4,422.02
2,387.17
10,055.67
240,254.84
114,709.09
31,315,473.84

FORM TOTAL RES FOR CAP OUTLAY 32,047,461.29

32,047,461.29

4-679

Attachment 1

FUND NUMBER	PRIOR DAY CASH WITH TREASURY	RECEIPTS TODAY	DISBURSEMENTS TODAY	NET CHANGE TODAY	CURRENT CASH WITH TREASURY	CURRENT INVESTMENT
100	122,150,632.50-	4,865,305.91	23,548,035.95	10,733,530.04-	140,884,163.54-	741,172,201.49
101	0.00	0.00	0.00	0.00	0.00	0.00
102	1,038,726.57	6,302.32	0.00	6,302.32	1,045,028.89	5,000,000.00
120	479,343.07	0.00	0.00	0.00	479,343.07	0.00
121	121,204.00	0.00	0.00	0.00	121,204.00	0.00
123	2,523,038.27	36,679.50	0.00	36,679.50	2,559,717.77	0.00
124	1,848,886.45	13.00	10,641.72	10,628.72-	1,838,257.73	0.00
125	9,676,310.00	999.99	0.00	999.99	9,677,309.99	0.00
126	673,363.25	0.00	0.00	0.00	673,363.25	0.00
128	1,691,156.62	0.00	0.00	0.00	1,691,156.62	0.00
175	3,559,970.17	0.00	0.00	0.00	3,559,970.17	0.00
199	32,850,000.00-	0.00	0.00	0.00	32,850,000.00-	32,850,000.00
201	0.00	0.00	0.00	0.00	0.00	0.00
202	0.00	0.00	0.00	0.00	0.00	0.00
204	4,038.80	0.00	0.00	0.00	4,038.80	0.00
206	177,918.16	0.00	0.00	0.00	177,918.16	0.00
207	1,510,838.04	0.00	0.00	0.00	1,510,838.04	0.00
208	6,517,435.64	0.00	0.00	0.00	6,517,435.64	0.00
209	13,819,339.80	6.60	401.47	394.87-	13,819,994.93	0.00
210	249,400.00	0.00	0.00	0.00	249,400.00	0.00
240	1,400,988.72	0.00	0.00	0.00	1,400,988.72	0.00
251	0.00	0.00	0.00	0.00	0.00	0.00
252	0.00	0.00	0.00	0.00	0.00	0.00
253	1,360.60	0.00	0.00	0.00	1,360.60	0.00
254	0.00	0.00	0.00	0.00	0.00	0.00
255	2,649,341.92	0.00	0.00	0.00	2,649,341.92	0.00

0100

RENEWABLE RESOURCES
DEVELOPMENT FUND
AS OF JANUARY 31, 1979

SLA 1978 CHAPTER	DEPT./PROJECT	APPROPRIATED FROM R.R.D. FUND	EXPENDED R.R.D. FUND	FROM: GEN'L FUND	TOTAL RECEIPTS
	<u>Special Appropriations</u>				
163	Comm. & Ec. Dev. - Geothermal	245,000	-0-	-0-	
171	Nat'l Resc. - Big Delta	4,793,000			
	Gov. Ofc. - Spec. Proj.		-0-	3,832,200	
	Comm. & Ec. Dev.		-0-	466,800	
	<u>Gen'l Appropriation Act</u>				
113	Fish & Game - Capital Proj.	1,279,700	738,628	-0-	
	Nat'l Resc. - Homesite Survey	2,027,400	-0-	909,953	
	Nat'l Resc. - Aggie. Loans	200,000	-0-	200,000	
	Revenue - Fish & Aggie. Bk.	2,000,000	-0-	-0-	
179	<u>Allocated By Statute</u> Revenue - R.R. Corp.	299,304 (1)	-0-	-0-	
	<u>Revenue</u> Fund 125 - R.R.D.				5,986,088
	Sub-Totals	\$10,844,404	\$738,628	\$5,408,953	\$5,986,088
SLA 1979	<u>Supplemental Appropriation</u>				
SB62	Gov. Ofc. - Spec. Proj. - Delta	8,070,600	-0-	-0-	
	Totals	<u>\$18,915,004</u>	<u>\$738,628</u>	<u>\$5,408,953</u>	<u>\$5,986,088</u>
			<u>\$6,147,581</u>		

(1) Assumed to be 5% of receipts of the fund;
amount shown is for seven months only.

4-6-79

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Attachment 1

ALASKA RENEWABLE RESOURCES CORPORATION

BOX 1647

JUNEAU, ALASKA 99802

(907) 465-4616

DATE: March 22, 1979

TO: Senator John Sackett, Chairman
Senate Finance Committee

FROM: Phil Hubbard, Trustee

The following is a breakdown of Code 380, Professional Fees and Services:

\$100,000	Pre-investment project analysis and project monitoring.
50,000	Organization -- legal, accounting, securities and corporate planning, miscellaneous consultations and fund management assistance.
40,000	Economic analysis, financial planning, capital markets analysis, size limitations on investments and risk exposure.
10,000	Program promotion and awareness.

IN-STATE TRAVEL

As discussed by: Phil Hubbard

Jack Milnes

Bill Spear

On: February 28, 1979

<u>Days</u>	<u>Area Travelled</u>
100	Anchorage
25	Fairbanks
30	Southeast
	Haines, Skagway
	Sitka
	Petersburg
	Wrangle
	Prince of Wales
5	Nome, Kotzebue
5	Dillingham, King Salmon, Bristol Bay
5	McGrath, Bethel, Ruby
5	Dutch Harbor, Kodiak, Sand Point
5	Cordova, Valdez, Homer/Seward
5	Kenai
5	Delta, Tok, Glennallen

\$11,000 Per Diem
200 days @ \$55/day = \$11,000

\$15,0⁵₄₀ Travel Costs (Air + Local)
\$8700 Anchorage - \$250
35 trips @ \$250 = \$8700
\$4600 Fairbanks/Balance
25 + 43 = 68 days
3 day trips = 23 trips
23 trips @ \$200 = \$4600
\$2250 Southeastern
30 days in 2 day trips
15 trips @ \$150 = \$2250

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

14:50

4/14/79

***** PUBLIC PROTECTION *****

SHORT FORM PAGE	BUDGET COMPONENT	FY78 ACT	FY79 ADJ	REQUEST	GOVERNOR	LEG.REC.	LEG.REC. - GOVERNOR COMPARISON	
2	DEPARTMENT OF ADMINISTRATION							
	STATE RECORDER	767.7	953.2	1276.7	1333.5	960.0	-378.5	-28.2%
	*** FUNDING IMBALANCE ***					-367.0		
4	DEPARTMENT OF LAW							
	OFFICE OF CONSUMER PROTECTION	389.2	451.9	680.8	479.0	433.8	-45.2	-9.3%
	*** FUNDING IMBALANCE ***					-433.8		
5	DEPARTMENT OF REVENUE							
	ALCOHOLIC BEVERAGE CONTROL BD	361.4	499.1	524.3	485.0	435.6	-49.4	-10.1%
	*** FUNDING IMBALANCE ***					-435.6		
	DEPARTMENT OF LABOR							
	OCCUPATIONAL SAFETY							
10	GENERAL ADMINISTRATION	561.3	464.0	442.7	437.0	410.5	-26.5	-6.0%
12	COMPLIANCE INSPECTION	806.8	1145.6	1150.4	1127.2	1065.0	-62.2	-5.5%
14	HEALTH INSPECTION	124.7	190.6	283.6	222.0	198.3	-23.7	-10.6%
16	TRAINING & CONSULTATION	351.5	514.6	547.0	517.4	473.8	-43.6	-8.3%
18	PLANNING & STANDARDS	63.9	118.6	128.0	120.1	110.4	-9.7	-8.0%
20	RESEARCH CONTRACTS	125.5	218.2	144.4	139.4	130.3	-9.1	-6.5%
	*** PROGRAM TOTAL ***	2093.7	2652.5	2696.1	2563.1	2388.3	-174.8	-6.7%
24	WORKER PROTECTION							
26	FISHERMANS FUND	324.5	347.6	446.7	446.7	316.0	-130.7	-29.2%
	SECOND INJURY FUND	785.2	722.3	1056.1	1055.1	715.1	-341.0	-32.2%
	*** PROGRAM TOTAL ***	1109.7	1070.4	1502.8	1502.8	1031.1	-471.7	-31.3%
30	WORKER PROTECTION							
32	ADMIN OF WORKMENS COMPENSATION	1026.6	1065.1	1337.7	1219.5	1031.5	-188.0	-15.3%
34	WAGE & HOUR ADMINISTRATION	621.6	518.1	684.4	644.1	590.5	-53.6	-8.2%
	LOCAL HIRE	194.3	52.5					
	*** PROGRAM TOTAL ***	1842.5	1735.7	2022.1	1863.6	1622.0	-241.6	-13.0%
36	LIFE & PROPERTY PROTECTION							
	MECHANICAL INSPECTION	368.9	529.5	672.4	595.9	517.4	-78.5	-13.1%
	*** AGENCY TOTAL ***	5414.8	5988.1	6893.4	6525.4	5558.8	-966.6	-14.7%
	*** FUNDING IMBALANCE ***					-5558.8		
	DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT							
38	CONSUMER PROTECTION							
	WEIGHTS & MEASURES	553.6	649.5	728.7	678.7	614.4	-64.3	-9.5%
42	BANKING SECURITIES & CORP.							
44	CORPORATIONS	182.9	203.8	261.4	239.5	194.2	-44.3	-18.5%
	FINANCIAL INSTITUTIONS	497.3	568.5	618.0	616.0	542.6	-72.4	-11.7%
	*** PROGRAM TOTAL ***	680.2	772.3	879.4	854.5	737.8	-116.7	-13.6%
48	INSURANCE							
50	INSURANCE COMPANIES	286.7						
52	RATES & POLICY FORMS	140.5						
54	LICENSING	53.1						
56	INVESTIGATION	124.5						
58	MARKET SURVEILLANCE		355.9	383.2	373.5	344.5	-29.0	-7.7%
	LICENSE SURVEILLANCE		131.5	136.9	133.8	125.9	-7.9	-5.8%

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4-6-79

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Attachment 3

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

14:50

4/04/79

***** PUBLIC PROTECTION *****

SHORT FORM PAGE	BUDGET COMPONENT	FY78 ACT	FY79 ADJ	REQUEST	GOVERNOR	LEG. REC.	LEG. REC. - GOVERNOR COMPARISON	
60	FINANCIAL SURVEILLANCE		232.1	265.2	255.5	233.9	-21.6	-8.6%
	*** PROGRAM TOTAL ***	613.8	710.5	785.3	762.8	704.3	-58.5	-7.6%
64	REG OF BUSINESS & PROFESSIONS							
66	OCCUPATIONAL LICENSING	779.5	887.0	1205.0	1028.0	811.8	-216.2	-21.0%
68	ADMINISTRATION AND SUPPORT	571.9	632.3	680.9	665.1	593.9	-71.2	-10.6%
70	ALASKA PUBLIC UTILITIES COMM	1266.7	1397.6	1573.3	1457.1	1337.1	-120.0	-8.1%
72	ALASKA TRANSPORTATION COMMISSI	1233.9	1316.8	1630.1	1408.2	1264.1	-144.1	-10.1%
	ALASKA PIPELINE COMMISSION	621.0	557.1	623.8	565.4	497.9	-67.5	-11.8%
	*** PROGRAM TOTAL ***	4473.0	4790.8	5722.0	5123.8	4504.8	-619.0	-12.0%
	*** AGENCY TOTAL ***	6320.6	6932.1	8115.4	7419.8	6561.3	-358.5	-11.5%
	*** FUNDING IMBALANCE					-6561.3		
	DEPARTMENT OF MILITARY AFFAIRS							
74	SEARCH & RESCUE							
	CIVIL AIR PATROL	294.7	321.7	373.6	337.6	268.7	-68.9	-20.2%
	ALASKA DISASTER OFFICE							
80	CIVIL DEFENSE PLANNING	557.8	546.1	700.0	686.0	530.3	-155.7	-22.6%
82	RADIOLOGICAL PROGRAM	45.0	43.6	46.0	46.0	41.4	-4.6	-10.0%
84	CITY PARTICIPATION	170.5	995.6	167.5	167.5	130.0	-37.5	-22.3%
86	FLOOD CONTROL	77.0	69.6	75.0	75.0	59.6	-15.4	-20.5%
88	TRAINING		30.7	30.0	30.0		-30.0	-100.0%
	DISASTER RELIEF ACT	108.1	85.7	53.2	53.2	50.8	-2.4	-4.5%
	*** PROGRAM TOTAL ***	959.3	1780.3	1071.7	1057.7	812.1	-245.6	-23.1%
	ALASKA NATIONAL GUARD							
92	OFFICE OF ADJUTANT GENERAL	958.2	1047.8	1162.6	1038.0	708.9	-329.1	-31.7%
94	STATE ARMORIES	745.7	943.1	1044.7	989.2	639.7	-349.5	-35.3%
96	FEDERAL ARMORIES	657.8	784.2	920.3	910.1	708.7	-201.4	-22.1%
98	ARMY TRAINING SUPPORT	417.5	486.7	561.1	561.1	444.9	-116.2	-20.7%
100	AIR TRAINING SUPPORT	706.7	798.6	780.7	748.1	716.0	-32.1	-4.2%
102	RECRUITMENT RETENTION ORG MILITI	274.9	366.9	542.6	455.5	417.1	-38.4	-8.3%
104	AK MILITARY ACADEMY	10.3	7.4	10.4	8.1	5.4	-2.7	-33.2%
	*** PROGRAM TOTAL ***	3811.6	4434.0	5030.7	4690.1	4040.9	-649.3	-13.7%
	*** AGENCY TOTAL ***	5065.6	6536.0	6476.0	6794.4	5121.6	-962.8	-15.7%
	*** FUNDING IMBALANCE					-5121.6		
	DEPARTMENT OF NATURAL RESOURCES							
108	AGRICULTURAL INSPECTION							
110	PLANT INDUSTRY	81.3	115.3	110.2	119.2	106.0	-13.2	-11.0%
112	ANIMAL INDUSTRY	562.8	740.6	694.7	694.7	631.2	-63.5	-9.1%
	SEAFOOD INDUSTRY	74.5	142.5	161.5	161.5	135.8	-25.7	-15.9%
	*** PROGRAM TOTAL ***	718.6	998.4	975.4	975.4	873.0	-102.4	-10.5%
	*** FUNDING IMBALANCE					-873.0		
	DEPARTMENT OF PUBLIC SAFETY							
114	FIRE SAFETY	629.9	910.0	925.1	833.5	727.8	-105.7	-12.6%
118	TRAFFIC SAFETY IMPROVEMENT							
120	HIGHWAY SAFETY PLNG. AGENCY	1189.3	2263.3	1946.5	1946.5	1113.2	-833.3	-42.7%
	FEDERAL PROJECTS	1264.2						
	*** PROGRAM TOTAL ***	2453.5	2263.3	1946.5	1946.5	1113.2	-833.3	-42.7%
	DRIVER VEHICLE SERVICES							

STATE OF ALASKA -- OPERATING BUDGET SUMMARY

14:50

4/24/79

***** PUBLIC PROTECTION *****

SHORT
FORM
PAGE

BUDGET COMPONENT	FY78 ACT	FY79 ADJ	REQUEST	GOVERNOR	LEG. REC.	LEG. REC. - GOVERNOR COMPARISON
DRIVER SERVICES	531.5	633.1	890.8	852.8	599.0	-253.8
VEHICLE SERVICES	549.9	360.0	462.5	400.5	316.9	-93.6
FIELD OPERATIONS	3002.9	3800.2	4790.4	4288.5	3123.9	-1164.6
ADMINISTRATION	344.8	443.0	752.0	718.5	571.5	-147.0
MUNICIPAL TAX UNIT	188.6	105.2				
*** PROGRAM TOTAL ***	4617.7	5439.5	6895.7	6260.3	4611.3	-1649.0
*** AGENCY TOTAL ***	7701.1	8512.8	9767.3	9040.3	6452.3	-2588.0
*** FUNDING IMBALANCE					-6452.3	-29.5%
STATE BOND COMMITTEE						
DEPT SERVICE						
NATIONAL GUARD	78.7					
FLOOD CONTROL	576.6	390.8	994.2	1054.0		-1054.0
FIRE CENTERS	32.5	80.0	393.8	529.8		-529.8
*** PROGRAM TOTAL ***	687.8	980.7	1388.0	1583.8		-1583.8
***** TOTAL EXPENDITURES	27426.8	31853.3	36097.3	33931.6	26396.4	-7535.2
***** FUNDING						
FED. RECEIPT	5949.4	6906.0	5867.3	5752.6		-5752.6
GENERAL FUND	19849.5	22919.0	26550.0	24284.7		-24284.7
OTHER FUNDS	1627.9	2028.3	3674.0	3884.3		-3884.3
*** FUNDING IMBALANCE					-26396.4	-100.0%

HOUSE FINANCE COMMITTEE

April 7, 1979

10:40 a.m.

All members of the Committee were present. Representative Smith arrived later in the meeting. Also present was Dave Scott, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order. The purpose of the meeting was to close out the UNIVERSITY OF ALASKA budget. Chairman Meekins turned the meeting over to Representative Rogers, Chairman of the University of Alaska Subcommittee.

UNIVERSITY
OF ALASKA
BUDGET
CLOSE-OUTS

Representative Rogers presented the Subcommittee recommendations. He advised that excluding debt service, the subcommittee's recommendation comes in about 1/10% below the FY 79 budget. He advised the Subcommittee recommendations took into consideration priorities that Committee members made him aware of. He advised he added some new positions; most of them are instructional positions. He said one of the major changes in his recommendation is that he included a base amount for library books, and a basic figure for instructional equipment.

Representative Rogers advised there are some fund source changes in his recommendation. For student fee income they accepted the Regents increase of 7%.

Chairman Meekins commented on a newspaper article which stated the Regent's disagreed with the Legislature having authority to set their budget, and are considering filing suit. There was brief discussion. Mr. Scott said their main point seems to be a dispute over who has control of University land.

Representative Rogers said the other fund source change relates to the staff recommendation on estimated federal receipts. He said the subcommittee recommendation decreases federal receipts and increases general funds based on inflation figures. Concerning the overhead recovery figures, Rep. Rogers said he is recommending a middle figure between the Governor's figure and the staff recommendation. He is recommending \$3.8 million. Rep. Rogers said he also wants to include legislative intent that there shall be very strict accounting of overhead recovery. There was discussion.

Chairman Meekins said that when going through the individual components, the subcommittee recommendation would be considered as a motion, and if there is no objection, that figure would be accepted.

4/7/79

State Bond Committee, Debt Service: The Subcommittee recommendation was accepted.

Board of Regents:

Regents Staff & Support: Representative Rogers advised there is no difference in the figures between the staff and subcommittee recommendations. He stated the recommendation does leave in the seven positions (4 auditing positions, controller, and two staff people). The Subcommittee recommendation was accepted.

Sabbatical Leave Program: Representative Rogers advised the Subcommittee recommendation is \$180.0, and they are recommending a change in the BRU title -- to Faculty Sabbatical Leave. In addition, he advised UAA faculty have complained they are not receiving enough for sabbatical leave; the \$180.0 figure allows for two additional people from that campus. He is also recommending the legislative intent, as shown in the computer print-out, be accepted. There being no objection to the Subcommittee recommendation, it was accepted.

Recruitment-Relocation: Representative Rogers explained the legislative intent shown in the computer print-out, which phases out relocation expenses. There was brief discussion. There being no objection to the Subcommittee recommendation, it was accepted.

Intercollegiate Athletics: Representative Rogers said he increased the staff recommendation figure by \$70.0 -- \$40.0 in travel and \$26.0 in equipment, for statewide athletic travel. Representative Duncan objected to the increase in travel, and said they had already received additional funds in travel from the "Christmas Tree Bill". Representative Rogers said they had also added \$50.0 in program receipts; and if they don't get the program receipts, they cannot spend the money. Chairman Meekins commented on the hockey rink at the Anchorage facility which still has not been completed. There was discussion. Representative Rogers moved to accept the intent statement which requires the Board of Regents to report back to the Legislature on compliance with Title 9. There was discussion. Chairman Meekins requested that legislative intent be included requesting the Regents to start increasing program receipts from hockey and other areas relating to athletics. Representative Rogers recommended the legislative intent request the Regents' to prepare their FY 81 budget with 1/3 of it being program receipts. Representatives Duncan and Smith objected to this. Representative Smith commented that women's athletic events do not bring in program receipts. There was further discussion. The Committee concurred with the intent that program receipts shall be increased, but an amount will not be specified. The Subcommittee's recommendation was accepted.

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Statewide Administration:

Statewide Staff & Support: Representative Rogers advised the only difference between his recommendation and staff's, is that he allowed the \$50.0 President's Contingency Fund. He advised it is under miscellaneous. There was brief discussion. There was no objection to the Subcommittee's recommendation.

Data Processing Service: Representative Rogers advised there is no difference between the staff and subcommittee recommendations. There was brief discussion. There was no objection to accepting the Subcommittee recommendation.

Risk Management: Representative Rogers advised there is no difference between the staff and subcommittee recommendations. There was no objection to accepting the subcommittee recommendation.

Staff Benefits: Representative Rogers advised there is no difference between the staff and subcommittee recommendations. There was brief discussion of how the Committee can keep track of expenditures under this BRU. There was no objection to the subcommittee recommendation.

RCA Rate Increase Distribution: Representative Rogers advised the Subcommittee's recommendation is zero, which is consistent with how other agencies were treated. There was no objection to accepting the subcommittee recommendation.

University Center - Fairbanks Academic:

Instruction: Representative Rogers advised the Governor recommended eight new positions, and five of those were based on other funds that have not materialized. He is recommending the new positions: Petrologist (position #6 in the short form); Professor-Lymnologist (position #8), and Graduate Associate-Music (position #11). He advised that position #11 is a legislative priority. There was brief discussion on the positions. Representative Rogers said he is also recommending the equipment costs associated with the new positions, and a percentage of the FY 78 equipment figure, be accepted. Representative Rogers commented the Cross Cultural Education program was transferred from the Education category, and it should be added back in here. There was discussion on why this was done. Representative Montgomery stated he objected to adding any new positions. He said the President of the University had indicated he would provide the information requested on teaching loads, and he has not provided that information yet. Representative Montgomery said until he has received that information, he cannot justify accepting any new positions. There was further discussion.

4/7/79

Representative Guy moved to amend the Subcommittee's recommendation to include \$337.6 for the Cross Culterual Education Program. Mr. Scott advised that \$275.3 of that figure is general funds. Representative Rogers commented that he is no longer sure the program should be moved from the Department of Education. The question was called for. Representatives Smith, Duncan, Guy and Schaeffer were in favor. All else opposed. The motion failed. The question now before the Committee was whether or not the Subcommittee recommendation should be accepted. There was further discussion on the President not providing the information on teacher loads. Representative Rogers will call President Diebold. If additional information is obtained that would change the figures, the Committee will come back and reopen the category. There being no objection, the Subcommittee recommendation was accepted. Representative Guy moved to put the funds for the Cross Culterual Education program back in the EDUCATION category. There being no objection, it was so ordered.

CROSS CULTURAL
EDUCATION
TRANSFERRED
BACK TO
EDUCATION
CATEGORY

Research & Professional Centers: Representative Rogers advised this is all federal and program receipts, and his recommendation is the same as the Governor's figure. There being no objection, the Subcommittee recommendation was accepted.

Public Service-KUAC: Representative Rogers advised contractual was increased by \$4.1 due to the increase in electrical rates. He advised there is also a funding change. He took \$25.0 from general funds and put it into program receipts. The Subcommittee recommendation was accepted.

Academic Support: Representative Rogers advised he has included \$285.1 for library books. There was discussion on the amounts that were added to other campuses for library books. Representative Rogers advised he has added a total of \$750.0 in the budget for library books in all campuses, and he explained how this was broken out. Representative Rogers advised he has also added funds under this budget for the opening of the museum in the amount of \$111.0. He advised this includes an additional five part time employees. There being no objection, the Subcommittee recommendation was accepted.

University Center - Fairbanks Other:

Student Services: Representative Rogers advised there is no difference between the staff and subcommittee recommendations. There was brief discussion on the \$15 student fee at Fairbanks. There being no objection, the Subcommittee recommendation was accepted.

Administration and Plant: Representative Rogers advised the only difference here is the addition of two custodian positions for the museum. There being no objection, the Subcommittee recommendation was accepted.

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University Center - Anchorage Academic:

Instruction: Representative Rogers advised the difference between his Subcommittee recommendation and the staff recommendation is that he added \$134.0 for faculty positions in business administration and \$55.0 for a position in the college of arts and science. He said he also added an amount for equipment based on the FY 79 authorized figure. There being no objection, the Subcommittee recommendation was accepted.

Centers: Representative Rogers advised there is no difference between the Subcommittee and staff recommendations. There being no objection, the Subcommittee recommendation was accepted.

Academic Support: Representative Rogers advised he added \$226.8 for library books, and \$43.3 for other equipment. Both show up in the equipment column. Representative McKinnon moved to amend the subcommittee recommendation to add legislative intent stating the \$226.8 is to be used only for library books. There being no objection, it was so ordered.

University Center - Anchorage Other:

Student Services: Representative Rogers advised there is no difference between the subcommittee and staff recommendations. There being no objection, the Subcommittee recommendation was accepted.

Administration & Plant: Representative Rogers advised there is no difference between the subcommittee and staff recommendations. There being no objection, the Subcommittee recommendation was accepted.

University Center - Juneau Academic:

SESC Instruction: Representative Rogers advised the Subcommittee recommendation includes the addition of an Associate Professor in Fisheries and an Assistant Professor in Accounting. He advised these positions are needed for accreditation. He said he also added in the associated costs for those positions. There being no objection, the Subcommittee recommendation was accepted.

JDCC Instruction: Representative Rogers advised the staff recommendation did not include any new positions. The Subcommittee is recommending positions #4, 6 and 7 in the short form. Positions #1-3 are federal receipts, and they show up under miscellaneous. If JDCC receives the federal funds they will be able to use those positions. He advised the Subcommittee also approved the expenses associated to the positions, for a total figure of \$1715.8. There being no objection to the Subcommittee recommendation, it was accepted.

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Public Service: Representative Rogers advised there is no difference between the staff and Subcommittee recommendations. He said the University's request had transferred the funds to instructional, but the recommendation transfers them back here. There being no objection, the Subcommittee recommendation was accepted.

Academic Support: Representative Rogers advised the Subcommittee recommendation adds \$38.4 in library books and \$20.1 for other academic equipment. He said they did not allow the new position because it was not an instructing position. Representative Duncan said he will check and see if the position is needed to meet accreditation standards. There being no objection to the subcommittee recommendation, it was so ordered.

University Center - Juneau Other:

Student Services: Representative Rogers advised there is no difference between the Subcommittee and staff recommendations. There being no objection, the Subcommittee recommendation was accepted.

Administration & Plant: Representative Rogers advised there is no difference between the Subcommittee and staff recommendations. There being no objection, the Subcommittee recommendation was accepted.

Community Colleges - Statewide Administration:

Statewide Staff & Support: Representative Rogers advised position #3 in the short form was requested for the master plan. He said the Subcommittee recommendation is to approve the funds for the position, but add them to contractual rather than personal services. He said this way the position can be deleted once the specific purpose is accomplished. He said the feeling of the Subcommittee is that the position is needed. Representative Rogers advised they also increased equipment by \$250.0 for instructional equipment to be distributed among all the community colleges. He said this amount is not for library books, the book amount appears in the individual community college budgets. Representative Rogers requested that additional legislative intent be prepared on the position for the master plan being added under contractual. Mr. Scott will prepare. There being no objection to the motion, it was so ordered.

CBU Contract Agreement: Chairman Meekins moved to amend the Subcommittee recommendation to accept the figure of zero. There was brief discussion on renegotiating the contract. Representative Smith objected to the motion. There being no further objection, it was accepted.

4/7/79

CBU Salary Agreement: Representative Rogers advised the Governor, staff and subcommittee recommendations are all zero. There being no objection, the Subcommittee recommendation was accepted.

Anchorage Community College - Academic:

Instruction: Representative Rogers advised the Subcommittee recommendation approves positions #1, 5, 19 and 20 in the short form. He said these were priorities of the Community College, and the increase is \$203.0. Representative McKinnon objected to adding any new positions to these budgets. There was discussion on adding positions. Representative Rogers said it looks like there is a cut in equipment, but additional equipment would come out of the \$250.0 appropriated for all the community colleges from the statewide component. There being no further objection, the Subcommittee recommendation was accepted.

The Subcommittee recommendations were accepted for the following components:

Public Service
Academic Support

Anchorage Community College - Other:

The Subcommittee recommendations were accepted for the following components:

Student Services
Administration and Plant

Kenai Peninsula Community College - Academic:

Representative Rogers advised there was no difference between the staff and subcommittee recommendations for Instruction. There being no objection, the subcommittee recommendation was accepted.

Academic Support: Representative Rogers advised the Subcommittee recommendation includes an increase of \$22.5 for library books. There being no objection, the Subcommittee recommendation was accepted.

Kenai Peninsula Community College - Other:

Student Services: Representative Rogers advised there is no difference between the Subcommittee and staff recommendations. There being no objection, the Subcommittee recommendation was accepted.

Administration and Plant: Representative Rogers advised the Subcommittee recommendation includes an additional \$11.0 in travel for accreditation purposes. There being no objection to the Subcommittee recommendation, it was accepted.

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Ketchikan Community College - Academic:

Instruction: Representative Rogers advised the Subcommittee recommendation includes the additional position requested by the Regents for the teacher in Math/Science. There being no objection to the Subcommittee recommendation, it was accepted.

Academic Support: Representative Rogers advised the Subcommittee recommendation is increased by \$24.3 which is for library books. He moved to amend the Subcommittee recommendation to add legislative intent stating the \$24.3 is to be used only for the purchase of books. There being no objection, it was so ordered.

Ketchikan Community College - Other:

Representative Rogers advised there is no difference in the subcommittee and staff recommendations for Student Services and Administration and Plant. There being no objection, the subcommittee recommendations for these two components were accepted.

Kodiak Community College - Academic:

Instruction: Representative Rogers advised there is no difference in the subcommittee and staff recommendations. In answer to a question concerning the equipment request Representative Rogers advised that no back up had been provided, so the recommendation zeros out equipment. There being no objection, the Subcommittee recommendation was accepted.

Academic Support: Representative Rogers said the Subcommittee recommendation includes an additional \$16.0 for library books. There being no objection, the Subcommittee recommendation was accepted.

Kodiak Community College - Other:

Representative Rogers advised there is no difference between the Subcommittee and staff recommendations for Student Services and Administration and Plant. There being no objection, the Subcommittee recommendations for these two components were accepted.

Kotzebue Community College - Academic:

Instruction: Representative Rogers stated the Subcommittee recommendation accepted positions #2 and #3 in the short form which were requested by the Regents, but not recommended by the Governor or staff. In addition, the Subcommittee recommendation adds \$20.0 for equipment in lands/buildings. There being no objection, the Subcommittee recommendation was accepted.

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Academic Support: Representative Rogers advised the Subcommittee added \$15.0 for library books. There being no objection, the Subcommittee recommendation was accepted.

Kotzebue Community College - Other:

Administration & Plant: Representative Rogers advised the Subcommittee recommendation is the same as the staff recommendation. Representative Schaeffer asked what was done in equipment. Representative Rogers said it was zeroed out, but commented that since they have a new college this year they may need it. There was brief discussion. The Subcommittee recommendation was accepted.

Kuskokwim Community College - Academic:

Instruction: Representative Rogers advised the staff and subcommittee recommendations are the same. Representative Guy objected to the motion. Representative Rogers briefly explained the recommendation. There being no further objection, the Subcommittee recommendation was accepted.

Academic Support: Representative Rogers advised the subcommittee recommendation adds \$30.8 for library books. Representative Guy objected to the recommendation. There being no further objection, the recommendation was accepted.

Yupik Language Center: Representative Rogers advised the staff and subcommittee recommendations are the same. There being no objection, the recommendation was accepted.

Kuskokwim Community College - Other:

Representative Rogers advised the subcommittee and staff recommendations for Student Services and Administration and Plant are the same. There being no objection, the subcommittee recommendations for these two components were accepted.

Matanuska-Susitna Community College - Academic:

Instruction: Representative Rogers advised there is no difference between the staff and subcommittee recommendations. There being no objection, the Subcommittee recommendation was accepted.

Academic Support: Representative Rogers advised the subcommittee recommendation adds \$17.4 for library books. He commented the request was for \$27.9 for books, but they received \$21.0 in a 1974 bond issue for books, and it has not yet been used. There being no objection, the subcommittee recommendation was accepted.

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Matanuska-Susitna Community College - Other:

Representative Rogers advised the staff and subcommittee recommendations are the same for Support Services-Student and Administration & Plant: There being no objection, the Subcommittee recommendations were accepted for these two components.

Northwest Community College - Academic:

Instruction: Representative Rogers advised the staff and subcommittee recommendations are the same. There being no objection, the recommendation was accepted.

Academic Support: Representative Rogers advised the Subcommittee recommendation adds \$23.7 for library books. There being no objection, the Subcommittee recommendation was accepted.

Northwest Community College - Other:

Student Services: Representative Rogers advised that both the Subcommittee and staff recommendations are to accept a figure of zero for this component. Mr. Scott explained the Board of Regents had attempted to budget student body activity fees, which cannot be budgeted through the operating budget. There being no objection, the subcommittee recommendation was accepted.

Administration & Plant: Representative Rogers advised the staff and subcommittee recommendations are the same. There being no objection, the Subcommittee recommendation was accepted.

Prince William Sound Community College - Academic:

Instruction: Representative Rogers advised the subcommittee and staff recommendations are the same. There was brief discussion. There being no objection, the subcommittee recommendation was accepted.

Academic Support: Representative Rogers advised the subcommittee recommendation included \$25.5 for library books. Chairman Meekins asked why they needed this amount given the current status of the college. Mr. Scott advised they use the city library. Representative Duncan moved to delete the \$25.5 for library books. The total figure is \$5.0 (contractual). There being no objection, it was so ordered.

Representative Schaeffer requested the committee reconsider their action under Kotzebue Community College-Other, Administration & Plant. He moved to add \$10.1 in equipment for audiovisual equipment and a typewriter to the subcommittee recommendation. There being no objection, it was so ordered.

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Prince William Sound Community College - Other:

Student Services: Representative Rogers advised this component was zeroed out for the same reason as the component was under Northwest Community College. There being no objection, the Subcommittee Recommendation was accepted.

Administration & Plant: Representative Rogers advised there was no difference between the staff and subcommittee recommendations. There being no objection, the Subcommittee recommendation was accepted.

Sitka Community College - Academic:

Instruction: Representative Rogers advised they allowed positions #1 and #2 in the shortform. They will be located in Sitka this year, Juneau next year, and Ketchikan the third year. There being no objection, the Subcommittee recommendation was accepted.

Academic Support: Representative Rogers advised they added \$9.4 for library books in the subcommittee recommendation. There being no objection, the Subcommittee recommendation was accepted.

Sheldon Jackson Cons.: Representative Rogers advised the Subcommittee recommendation is the Regent's request figure. There being no objection, the Subcommittee recommendation was accepted.

Sitka Community College - Other:

Student Services: Representative Rogers advised the subcommittee and staff recommendations are the same. There being no objection, the Subcommittee recommendation was accepted.

Administration & Plant: Representative Rogers advised there is no difference between the subcommittee and staff recommendations. There being no objection, the Subcommittee recommendation was accepted.

Tanana Valley Community College - Academic:

Instruction: Representative Rogers advised the Subcommittee approved positions #1 and #7 in the short form. He said he believed position #1 was needed because of the increase in construction due to the gas line. There being no objection, the subcommittee recommendation was accepted.

Academic Support: Representative Rogers advised the Subcommittee accepted the staff recommendation for expenditures, but there is a funding source change. He is recommending that 20% of the noncredit administrative support be picked up in fees this year. There was brief discussion. There being no objection, the Subcommittee recommendation was accepted.

Tanana Valley Community College - Other:

Student Services: Representative Rogers advised the staff and subcommittee recommendations are the same. There being no objection, the Subcommittee recommendation was accepted.

Administration & Plant: Representative Rogers advised the subcommittee is recommending a zero figure here because they have not acquired the new facility. There being no objection, the Subcommittee recommendation was accepted.

Rural Education - Academic:

Instruction: Representative Rogers advised the staff and subcommittee recommendations are the same. He said the Subcommittee is recommending adding legislative intent, which he briefly explained. There being no objection, the Subcommittee recommendation was accepted.

Research & Professional Centers: Representative Rogers said the subcommittee and staff recommendations are the same. He briefly explained the program. There being no objection, the Subcommittee recommendation was accepted.

Academic Support: Representative Rogers advised the subcommittee and staff recommendations are the same. There being no objection, the Subcommittee recommendation was accepted.

Cooperative Extension Services: Representative Rogers advised the Subcommittee approved position #2 in the short form (program coordinator) and position #3 (nutrition aides-statewide), for a total in personal services of \$90.2. He said they also accepted the increase in travel which is for the aides to travel to the villages. There being no objection, the Subcommittee recommendation was accepted.

Representative Rogers advised the subcommittee and staff recommendations for the following components are the same. There being no objection, the subcommittee recommendations were accepted:

Student Loans, Scholarships: University Centers

Student Loans, Scholarships: Community Colleges

Auxiliary Services: University Centers

Auxiliary Services: Community Colleges

Organized Research:

Representative Rogers moved that all the organized research BRU's be placed under one BRU, and not be split out into Alaska and Arctic. There was brief discussion. Representative Rogers advised that overall, if the Subcommittee's recommendations are accepted, Organized Research will come out \$400,000 less than the Governor's figures. There being no objection, the motion was accepted.

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Representative Rogers went through the individual components under Organized Research and explained the subcommittee recommendations. There being no objection, the Subcommittee recommendations were accepted for the following:

Institute of Water Resources
Agricultural Experiment Station
ISER
Center for Cross Cultural St.
AEIDC
Coop. Fisheries Research Unit
Mineral Industry Rec. Lab
WAMI Medical Program
Veterinary Medicine
Geophysical Institute
Institute of Marine Science
Institute of Arctic Biology
BIOME Center
Coop. Wildlife Research
Ak. Coop. Park Studies Unit
Sea Grant
Naval Arctic Research Lab
Develop. Programs & Projects
Research Admin. Support
Forest Soils Laboratory

University Debt Service: Representative Rogers advised these are fixed costs. The subcommittee recommends the Governor's figure. There being no objection, the recommendation was accepted.

Representative Rogers advised the Committee's actions on the University of Alaska budget gives them a figure, excluding debt service, of approximately \$600,000 below the FY 79 figure. Including Debt Service the figure is approximately \$200,000 above the FY 79 figure.

U. of A.
BUDGET
CLOSED

The meeting adjourned at 1:00 p.m.

ADJOURN

Tape HFC 79-109 Side 1 #637 to end
 Side 2 #001 to end
79-110 (no tape)
79-111 Side 1 #001 to end
 Side 2 #001 to 598

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HOUSE FINANCE COMMITTEE

April 7, 1979

2:15 p.m.

All members of the Committee were in attendance, with Representative Guy arriving later in the meeting. Also in attendance: John Crandall, Administrative Assistant to Chairman Meekins; Dave Scott and Bob Grogan, Budget Analysts, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and advised the Committee would closeout the components that were left open in the EDUCATION budget.

EDUCATION
BUDGET
CLOSEOUTS

DEPARTMENT OF EDUCATION

Foundation Program, Community Schools Adjustments, pg 69: Representative Duncan moved the Governor's figure \$1,174.9. There being no objection, it was so ordered.

Public Broadcasting Commission, pg 89: Dave Scott stated he recommends a reduction of \$53.5 in the Governor's contractual to \$140.8, which would make the total \$2,782.3. Chairman Meekins advised it was his intent to assume the Governor's figure \$2,459.7 (FY 79 plus inflation) as base plus accept motions. Representative Haugen moved \$145.8 for Petersburg and \$150.1 for Wrangell. Mr. Scott explained Basic Minimum Service (BMS). Representative Schaeffer moved BMS for Barrow and Kotzebue. He then moved \$3,979 total BMS for each station. Representative Freeman objected.

[Representative Guy arrived at this time.]

During discussion, Representative Schaeffer withdrew his motion. Representative Haugen requested this component be left OPEN. There being no objection, it was so ordered.

OPEN

Adult Educ & Voc Training, Fire Service Training, pg 141: Representative Duncan moved the Governor's figure \$91.4. There being no objection, it was so ordered.

Financial Support Programs, Pupil Transportation, pg 13: Representative Rogers moved INTENT (that he and Montgomery worked out) that contracts between school districts and carriers must be submitted to the Department of Education prior to the actual signing of the contract. Mr. Scott suggested minor language changes that contracts "shall" be submitted and that the word "carriers" not be used.

INTENT

Representative Rogers then moved the figure \$20,646.8 with a second INTENT (language to be worked out). Discussion followed, with Chairman Meekins stating, even though they don't have a contract, why not let students ride on a space-available basis. Representative Montgomery suggested setting an amount and the intent language could be worked on. Chairman Meekins objected. The question was called for, and the motion carried (five in favor; Duncan, Haugen & Meekins opposed). There was further discussion and a second vote was requested. The question was called for, and the motion failed (four in favor; five opposed).

INTENT

Representative Rogers moved the legislative recommendation \$2,029.3 with the first intent language. There being no objection, it was so ordered.

Program Evaluation, Special Education, pg 97: Representative McKinnon requested this be reopened so that he might add an item regarding autistic children. Mr. Scott suggested this might better be placed in Financial Support Programs, State Contract Programs, pg 41. Representative McKinnon stated his request is for \$223.3, which is based on 42 students. He stated this would allow those districts who identify autistic children to apply for the full amount. Representative Montgomery explained the 42 students was an estimate by a special-interest group of professionals. Discussion followed. Chairman Meekins stated it is his intent to delay action on this until Free Conference Committee. Mr. Scott suggested the Committee use a cautious approach in dealing with programs like this. He added this would defeat the purpose of the foundation formula. Chairman Meekins moved to put this over until FCC. There being no objection, it was so ordered.

REOPENED

[The meeting recessed at 3:15 p.m. and reconvened at 3:50 p.m.]

RECESS

Chairman Meekins advised the Committee would close out those components left open in the NATURAL RESOURCES budget.

NATURAL
RESOURCES
BUDGET

DEPARTMENT OF NATURAL RESOURCES

Mineral & Energy Management, Leasing Management, pg 51: Representative McKinnon explained his recommendation which involves an arrangement with the Department on the Beaufort Sea lease management. He moved the legislative recommendation \$205.4. Representative Rogers moved INTENT be added that the Division report monthly to the Legislative Finance Division on the Beaufort Sea sale. There being no objection, it was so ordered.

INTENT

Mineral & Energy Management, Petroleum Management, pg 53: Representative McKinnon moved the legislative recommendation with the Governor's contractual figure. Representative Rogers moved to amend contractual to include an additional \$130.0 with INTENT that they contract with the University at Fairbanks and Anchorage for courses in petroleum management. The question was called for, and the motion carried (six in favor; none opposed).

INTENT

Mineral & Energy Management, Minerals Management, pg 55: Representative Rogers moved the legislative recommendation with INTENT language (to be worked out). There being no objection, it was so ordered.

INTENT

Mineral & Energy Management, Administration, pg 57: Representative McKinnon moved the following figures including the three new positions: \$230.3 - personal services; \$11.4 - travel; \$150.1 - contractual; \$1.9 - commodities; \$0 - equipment; with INTENT on monthly monitoring on Alpetco and that a report be submitted to Legislative Research. There being no objection, it was so ordered.

INTENT

DEPARTMENT OF FISH & GAME

Commercial Fish, Research, pg 147: Representative Duncan noted this is the Speaker's request. He moved an additional \$400.0--\$100.0 for each association--grant be added to the legislative recommendation. Representative Rogers objected. During discussion, Bob Grogan suggested this be put in the Commissioner's Office. Chairman Meekins moved the legislative recommendation. There being no objection, it was so ordered.

Representative Duncan moved the \$400.0 grant with Representative Haugen's INTENT be put in the Commissioner's Office. There being no objection, it was so ordered.

INTENT

Fish & Game Support Services, Subsistence Section, pg 205: Representative Duncan moved \$1,274.8, which is the subsistence subcommittee recommendation. Representative Haugen objected for the record. Representative Rogers moved to amend the motion to include intent that all persons hired to fill new positions shall have experience living a subsistence life-style. Representative Duncan objected. The question was called for on the amendment, and the motion failed (Rogers & one member in favor; five opposed).

Representative McKinnon moved to amend the motion to note that the regional offices will be located out in the bush areas. Representative Smith objected. Representative McKinnon withdrew his motion.

The question on the main motion was called for, and the motion carried (six in favor; four opposed). Chairman Meekins noted this includes 15 new positions as proposed.

The meeting adjourned at 4:40 p.m.

ADJOURN

Tape HFC 79-111 Side 2 #598 - End
 79-112 Side 1 #001 - End
 Side 2 #001 - End
 79-113 Side 1 #001 - #202

HOUSE FINANCE COMMITTEE
April 9, 1979
9:20 a.m.

All members of the Committee were in attendance, except Representative Guy. Representative McKinnon arrived later in the meeting. Also in attendance: John Crandall, Administrative Assistant to Chairman Meekins; Alison Farnan, Budget Analyst, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order and advised the Committee would close out those components remaining open in the GENERAL GOVERNMENT budget.

GENERAL GOV'T
BUDGET
CLOSEOUTS

[Representative McKinnon arrived at this time.]

OFFICE OF THE GOVERNOR

Executive Operations, Executive Office, pg 3: Chairman Meekins moved the computer figure \$1,917.0 with the DP chargeback. There being no objection, it was so ordered.

Special Projects Coordinator, pg 5: Representative Rogers moved zero. Representative Freeman objected. Representative Duncan moved to amend this to the computer figure \$150.0. Representative Haugen objected. The question was called for, and the motion carried (five in favor; four opposed; one abstention--Schaeffer).

Contingency Fund, pg 7: Representative Duncan moved the Governor's figure \$250.0. There being no objection, it was so ordered.

Growth Policy Council, pg 9; Public Forum, pg 11; Policy Development & Planning, pg 21: It was the request of the Committee these components be left OPEN.

OPEN

Budget & Management, pg 13: Representative Duncan moved \$1,293.3 plus DP chargeback. There being no objection, it was so ordered.

Executive Mansion, pg 15: Chairman Meekins moved the computer figure with the full funding of personal services. There being no objection, it was so ordered.

Lieutenant Governor, pg 17: Chairman Meekins moved the computer figure with the Governor's personal services figure. There being no objection, it was so ordered.

EDA Planning, pg 23: Representative Duncan moved the computer figure with the Governor's personal services figure. There being no objection, it was so ordered.

Telecommunications, pg 25 & 27: Representative McKinnon requested these two components be left OPEN pending testimony from Fred Brown this afternoon. There being no objection, it was so ordered. OPEN

The meeting adjourned at 9:45 a.m.

ADJOURN

Tape HFC 79-113 Side 1 #202 -#518

HOUSE FINANCE COMMITTEE

April 9, 1979

3:40 p.m.

All members of the committee were in attendance except Representative Smith. Also present was Alison Farnan, Legislative Finance Division.

PRESENT

Chairman Meekins called the meeting to order. The Committee continued with close-outs of the GENERAL GOVERNMENT budget.

GENERAL
GOVERNMENT
BUDGET
CLOSE-OUTS

Office of the Governor:

Ms. Farnan explained what the Committee had done under Executive Office. She advised that funding under grants/claims was deleted in an amount that equaled funding for the Arctic Winter Games and the Special Olympics. There was brief discussion. Chairman Meekins moved to put that amount back in the budget. There being no objection, it was so ordered.

Ms. Farnan advised that under Lt. Governor, EDA Planning, the Committee accepted the computer figures. She asked if The Committee's intent was to back out the one-time charges. Chairman Meekins moved these charges be backed out. There being no objection, it was so ordered.

Executive Operations, Policy Development & Planning: Representative Meekins said his recommendation would be to take the normal percentage cuts that have been taken in other agency budgets. Representative Rogers moved that the Council on Science and Technology be split out from DPDP into a separate subprogram. He moved that \$148.2 be taken out and be put into a new BRU for the Council on Science and Technology. There being no objection, it was so ordered.

Chairman Meekins moved to accept the following figures for DPDP: Personal Services \$634.6; Travel \$44.6; \$141.8 plus fixed costs in contactual; the computer figures for commodities. He further moved these figures be reduced by the amount split out for the Council on Science and Technology. Representative Rogers moved to amend the motion to accept the Governor's figures minus the amount for the Council on Science and Technology (\$148.2), and then applying the formula to the amount left. There being no objection, the amendment was accepted.

Executive Operations, Growth Policy Council: Representative Montgomery moved to accept a figure of zero. Representatives Rogers and McKinnon objected. 7 in favor. The motion carried.

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Executive Operations, Public Forum: Representative Montgomery moved to accept the figure of zero. Representative Rogers objected. He amended the figure to accept the Governor's figure in personal services and 85% of the Governor's figure for travel, contractual and commodities, for a total of \$168.0. There was brief discussion. Representatives Rogers and McKinnon in favor of the motion. The amendment failed. The question on the main motion was called for. Representatives McKinnon and Rogers objected. The motion carried.

Elective Operations, Elections: Representative Rogers moved to accept the legislative recommendation as shown on the computer print out. Representative Duncan objected. Ms. Farnan advised that part of the equipment cost is for polling booths and equipment for the next election, which they are ordering in advance (approximately \$28.0). Representative Duncan amended the motion to increase travel to \$34.4 to allow people to travel to remote areas to train election personnel, and to increase equipment by \$28.0. There was discussion. Representative Rogers withdrew his motion. He moved to accept the legislative recommendation for personal services; the Governor's figure for travel; in contractual to accept the FY 78 actual figure plus fixed costs and to add a percentage for inflation; in commodities to accept the figure of \$7.2; equipment \$28.0 approximately (Farnan will determine the exact amount for election equipment and add it in); and lands/buildings \$18.8. There being no objection, it was so ordered.

Elective Operations, Public Offices Commission: Representative Rogers moved to accept the legislative recommendation figure (\$288.1). Representative Freeman objected. There was brief discussion. The question was called for: 5 in favor, 4 opposed (Freeman, Montgomery, Schaeffer and Moss). The motion carried.

Department of Administration:

Executive Administration, Office of the Commissioner: Ms. Farnan advised the contractual figure had been left open. There was brief discussion. Representative Duncan said in order to be consistent with what had been done in other areas, the Committee should accept the computer generated figure for contractual. He so moved. There being no objection, it was so ordered.

Data Processing: Ms. Farnan advised the data processing charge back figures have now been reconciled. She advised there is a \$367,000 discrepancy, and the Division of Budget and Management has recommended that the data processing appropriation not be adjusted. They say the agencies need