

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2722

SENATE FINANCE COMMITTEE

March 11, 1977

8:10 a.m.

All members of the Finance Committee were in attendance. Also in attendance: Judy Crondahl, Glen Vernon; John G. Wilsey, Kenai Peninsula Community College; Carolyn Floyd, Kodiak Community College; K. B. Mather, University of Alaska, Fairbanks; A. B. Frol, University of Alaska, Fairbanks, H. A. Cutler, University of Alaska, Fairbanks; H. B. Fate, Jr., President, Board of Regents; David Scott, U. A. Statewide Office; Patrick O'Rorke, Kuskokwim Community College; Jack O'Bar, University of Alaska, Anchorage; Barbara Thomas, Office of the Governor; John Lindauer, University of Alaska, Anchorage, Ralph McGrath, Alaska Community Colleges Federation of Teachers; Bill F. Stewart, Anchorage Community College; Charles R. Fields, Chancellor, University of Alaska, Southeast; Ken Garrison, Director of Planning and Construction, Fairbanks; Saradell Frederick, Acting Dean, College of Arts & Science, University of Alaska, Anchorage; Toni Jones, REAA Anchorage, James Ferguson, Acting President, University of Alaska, and Jane Demer, Northwest Community College.

PRESENT

Chairman Sackett called the meeting to order and stated the purpose of the meeting was to discuss the University of Alaska budget.

Mr. Fate, Board of Regents, gave a brief explanation of what has occurred within the University to date. Mr. Fate stated that Dr. Hiatt is now a professor in Marine Science at the University of Alaska. He stated the Board felt this action to be in the best interests of the State. The board felt that to let Dr. Hiatt go prematurely would end up costing the State more. He stated the University is trying to regain their credibility and show fiscal responsibility.

UNIVERSITY
OF ALASKA
OVERVIEW

Senator Croft stated he has received several comments that would indicate that the University's credibility has been destroyed by keeping Dr. Hiatt on and he requested an explanation. Mr. Fate stated that apparently there was an understanding with Dr. Hiatt that he would be vested in retirement when he was hired three years ago. It was felt the best thing to do was to keep him on as a professor until he could be vested in retirement. Mr. Fate stated the cost of keeping him on as a professor until that time is substantially less than what it would cost the university if Dr. Hiatt were to sue. Senator Croft asked if a legal opinion had been prepared on this and Mr. Fate said yes. Senator Croft requested a copy of this legal opinion and Mr. Fate stated he would provide a copy.

Discussion on Dr. Hiatt's retirement and his salary as a professor. Mr. Fate stated Dr. Hiatt did resign as president and asked for a reassignment. Dr. Ferguson stated that Dr. Hiatt's salary as a professor would be somewhere between \$48,000 and \$50,000 annually.

Senator Croft stated that the budget request allocates more funds to administrative salaries than to any other area. Dr. Ferguson stated that is true the way the budget was put together. He stated the policy of the Board of Regents has been to bring qualified educators to the State.

Senator Croft asked if the Board of Regents still stood by the budget as prepared. Mr. Fate stated they did not because they do not know what the budget is saying. He stated the Board has instructed the University staff to work with the finance committees to come up with a revised budget. He stated the Board has not taken any steps at this time to approve the revised budget. Dr. Ferguson stated the Board of Regents was prepared to take the administrative portion of the budget request back to the FY 77 revised base. Dr. Ferguson stated some type of action would be taken within the next few weeks. Dr. Ferguson stated the Board of Regents feels the educational programs need to continue at the requested amount not the FY 77 base.

Mr. Fate stated the purpose of a community college is to bring education to the public; the purpose of a senior college is to produce a finished product. Senator Tillion commented that if the educational standards were a little higher he could be more tolerant of the financial problems. He stated he would much rather see half as many classes that are good then so many that are poor.

Dr. Ferguson gave a general overview of the FY 78 budget. Dr. Ferguson stated that in past years they have used a definition of maintenance and then a definition of change items. He stated that most change items have been removed completely off the budget request. He stated budgets were prepared under the RIM formula. Senator Croft asked what percentage of the RIM program is funded under the maintenance budget. Dr. Ferguson stated it was broken out separately and they range from 70% up to 100%. Senator Croft stated that one of the fundamental questions he has is how can the University allocate the formula when it is not fully funded. Dr. Ferguson stated that this year the University is using FY 77 figures. The low is Ketchikan at 69.4%. He stated Ketchikan could not properly implement programs if it were funded at the 100% RIM level in one year.

Chairman Sackett requested percentages for each area and the reason the percentages differ.

Dr. Ferguson stated Anchorage is funded at 99.5%. Mr. Scott stated that what they tried to do in Anchorage is expand on the four year program. He stated they deliberately changed the standard in Anchorage to try to expand the programs to a higher level. He stated this standard was used on most campuses.

Senator Orsini asked what percentage of the RIM formula in Anchorage was funded. Dr. Ferguson stated they changed Anchorage using full time/part time factor rather than 99.5%. He stated the change column in Anchorage was increased from 25%/75% full time/part time to 50%/50%. He stated the factors that make up the formula improve the formula.

Dr. Ferguson stated that in libraries Anchorage is below the accreditation level. He stated this is true on campuses throughout the State. Mr. Scott stated that 92% of the proposed total RIM budget was allocated to Anchorage.

Chairman Sackett asked how this compared with other campuses. Mr. Scott stated that in Mat-Su 95% of RIM was funded; in Fairbanks 98% of RIM was funded; Tanana Valley 100%; and in Southeast 78.7%.

Senator Croft asked what process was used so that Anchorage funding was at a lower percentage of the RIM formula than other areas. Mr. Scott stated this was done in order to remain within the Governor's requested 12% maintenance. He stated they were not trying to decrease Anchorage.

Mr. Scott stated the general fund request for each campus was as follows: Fairbanks 8.6%; Anchorage 11.7%; Statewide (administration) 27.3%; Southeast 11.2%; Rural 12.4%; and organized research 9%. Mr. Scott stated these figures do not include federal funds or other funds.

Dr. Ferguson stated they have put a freeze on all new and replacement positions in the University. He stated they are working with the Department of Administration for technical assistance in the accounting area. He stated they should have status reports back on schedule by March 25. He stated they will have a cash flow problem and it will probably be close to an \$8 million figure.

Senator Croft asked if they knew how much the administration portion of the budget would be reduced by. Mr. Ferguson stated he did not know. They are going back to the FY 77 base but at this point they do not have the figures.

Senator Croft asked how the actual 1977 enrollment compared with their estimates. Mr. Scott stated enrollment was reduced in Fairbanks; was up in Kenai, Southeast, Juneau-Douglas Community College and Ketchikan; and stayed the same on other campuses. Mr. Scott stated they have not budgeted any increase for FY 78.

Mr. John Lindauer, University of Alaska - Anchorage (UAA) stated the Anchorage operating unit has not been adversely affected by the University's administrative problems. He stated the UAA is generating a cash surplus. Mr. Lindauer stated their rapid enrollment increases are continuing. He stated that full time instructors are doing 33% of the teaching.

UNIVERSITY
OF ALASKA
ANCHORAGE

Senator Butrovich asked about the administration of the University of Alaska-Anchorage vs. Anchorage Community College. Mr. Lindauer stated all administration comes out of the instruction budget of University of Alaska-Anchorage. He stated the Anchorage Community College instructional budget does not include administration so this makes it difficult to analyze the two units.

Senator Orsini asked about full time faculty professors and Mr. Lindauer stated that in order to have accreditation 70% of the faculty must be full time. At the present time UAA is operating at 33% so they are far below that.

Senator Croft stated it was his understanding that the University had no accreditation problem. Mr. Lindauer stated there are two levels of accreditation. One is the general level and they have no problem there. The other is accreditation for a particular school (engineers, nurses, etc.) and this is where they are not accredited.

The meeting recessed at 9:40 a.m. Chairman Sackett reconvened the meeting at 10:28 a.m. RECESS

Senator Croft asked how the Anchorage campus competes with other colleges in regards to accreditation. Mr. Lindauer stated that other colleges do not make as extensive use of part time instructors. However, he stated that in Anchorage part time instructors are extremely well qualified.

Senator Croft stated that with regards to the budget, Mr. Lindauer has made statements in the past that the Anchorage University has suffered because of the ineffectiveness of Anchorage legislators. He asked, in light of the fact that Anchorage's request is the lowest percentage of increase and this is a budget put together by Mr. Lindauer, how does he feel this budget addresses the needs of Anchorage. Mr. Lindauer stated he did not feel this budget adequately addresses the problem. He stated their budget request was prepared to get to 70% full time and 30% part time, but that was impossible when the Governor put a 12% maintenance limit on their budget. He stated the University prepared a number of different budget requests. He stated an approximate \$33 million spending level would get the University where it wants to be. Senator Croft stated the UAA request is not a 12% increase but only 9% and asked why. Mr. Scott stated the 12% cap was an overall limitation. He also stated the cap was only put on general funds and not non-general funds. Mr. Lindauer stated they did have a problem in that the interest from bonds of the student union had to be paid so the total amount actually allocated was less.

Chairman Croft stated the budget indicates there will be a number of new increases but Mr. Lindauer indicated there would only be one increase. Mr. Lindauer stated he is looking at dollars. They are going from \$10,100 to \$10,400 and that 3% increase will not even cover salary increases.

Senator Croft asked if pages 137 and 80-81 were incorrect then and Mr. Lindauer said they were. Mr. Scott stated they

were correct but apparently UAA has changed their mind. Mr. Lindauer stated much was moved over into increased workload and slots were assigned to it.

Senator Croft stated it is his understanding that the \$300,000 increase in instruction will provide no new positions, but the \$220,000 in administration will provide three positions. Mr. Lindauer stated that in the past they have given administrative assignments to those teaching. Senator Butrovich asked if they would rather have more people in faculty or administration. Mr. Lindauer stated these faculty positions will free instructor resources.

Mr. Jack O'Bar, University of Alaska-Anchorage spoke on the library system at Anchorage. (See attachment #1)

UAA
LIBRARIES

Mr. O'Bar stated the Anchorage library is funded at 31% for staff and 9.6% for printing; while the Fairbanks library is funded at 79% for staff and 50% for funding.

Saradell Frederick, Acting Dean, College of Arts & Science, UAA, stated her department is responsible for the quality of baccalaureate degrees. She stated that Alaska Methodist University was funded for the same amount she is budgeted to receive and was teaching half the students. Senator Croft asked what type of increase from the \$1.4 million budgeted it would take to get the College of Arts & Sciences up to 70% full time instructors. Dean Frederick stated it would double their budget.

UAA COLLEGE
ARTS &
SCIENCE

Bill Stewart, Dean of Anchorage Community College addressed the Committee. See attached position paper (attachment #2).

ANCHORAGE
COMMUNITY
COLLEGE

Chancellor Howard Cutler, University of Alaska - Fairbanks Campus, addressed the Committee. Chancellor Cutler stated one of the strengths of the University has been their specialization in those areas of particular concern to Alaska. The Arctic and Subarctic areas have given them many advantages in the research area. Their budget request was based on three priorities: (1) meet accreditation needs on the professional level; (2) to meet needs in topics that are Alaska's speciality; and (3) numbers shift (i.e. they need more math teachers because more students are taking that course).

UNIVERSITY
OF ALASKA
FAIRBANKS

Senator Croft asked what areas the University is accredited in on the professional level. Chancellor Cutler stated they are accredited in civil, electric and mining engineering; chemistry; and they have teaching certification.

Senator Orsini asked how many in the research department are actually teaching. Mr. Mather estimated that 50% to 60% were teaching. Chancellor Cutler stated one of the problems at the graduate level is the number of students, if there were more students the instructors would teach more classes.

The meeting recessed at 12:00 noon. Chairman Sackett reconvened the meeting at 1:40 p.m.

RECESS

Jane Demer, Northwest Community College, Fairbanks and Toni Jones, REAA Anchorage spoke on the rural education areas. Ms. Demer stated the Rural Education Area (REA) has been in existence for one and one-half years. She stated they are faced with a number of difficulties which include: (1) most of the areas they serve have an educational deficit; (2) in many areas there have been no higher education services at all; (3) they are faced with huge distances; (4) a number of needs fall within the realm of adult basic education; (5) many services offered cannot be measured in terms of traditional class hours. Many of the things offered are on a non credit basis.

RURAL
EDUCATION
AREAS

Ms. Demer stated the REA program includes the following: (1) Alaska Native language center; (2) adult basic program and village art; (3) correspondence course program; and (4) Statewide Cooperative Extension Service program.

Toni Jones, REA Anchorage, stated the Anchorage office controls the central support functions. She stated that REA has no type of accounting staff to handle fiscal management.

Chairman Sackett stated under personal services they have one clerk and asked how many they had under the change column. Ms. Demer stated she had one clerk and a request for one accountant. She advised that items under the change column are their basic priorities.

Ms. Demer stated the Community Health Aide Program (page 167 and 179) is a critical program on a statewide basis. She stated the program is currently being funded by a grant and that the grant renewal is contingent on the University taking over the coordinating position. She stated they have made that commitment in order to have the Grant and this position is of top priority.

Ms. Demer stated the State Cooperative Extension Service (page 175) is also currently being funded by a Grant and the renewal of that Kellogg Grant is contingent upon the University picking up the administrative services. They are also requesting a home economist in this area. Senator Hohnman stated he has been receiving mail concerned with the loss of the cooperative nutrition expert and Ms. Demer stated that is what they are requesting on page 175 as the home economist.

Chairman Sackett asked if they had an additional funding request for libraries and Ms. Demer stated that funding is to come from the Anchorage library.

Ms. Demer spoke on the Northwest Community College. She stated their budget request is a maintenance request. She stated the Northwest Community College does not have a library. If they were to get anything it would come from the change column under Anchorage's budget request.

NORTHWEST
COMMUNITY
COLLEGE

Mr. Patrick J. O'Rourke, Kuskokwim Community College, stated the budget before the Legislature is not the budget prepared by Kuskokwim Community College. He stated the items in the change column are what they requested in their maintenance budget.

KUSKOKWIM
COMMUNITY
COLLEGE

Mr. O'Rourke stated funding for the Kuskokwim Community College library is not in the budget. Funding was to come from the Anchorage library; however, funding is not in the maintenance request, only in the change column.

Mr. O'Rourke stated capital appropriations (page 194) includes \$50,000 for a sewer and water facility. He stated this was not enough to adequately take care of the problem and recommended it be taken out of the budget request rather than spend the money for a facility that will not meet their needs. Discussion on the sewer and water facility. Ken Garrison, Director of Planning and Construction, Fairbanks, stated this was designed as a very limited solution.

John G. Wilsey, Director spoke to the Committee on the Kenai Peninsula Community College. See attached position paper (attachment #3).

KENAI
PENINSULA
COMMUNITY
COLLEGE

The meeting adjourned at 3:00 p.m.

ADJOURN

Tape #SF-18 694 to end
Tape #SF-19 001 to end
Tape #SF-20 001 to 1146

Memo from the Library to Campus Assembly
outlining actual UAA and Mat-Su library
needs in change and direct appropriations
for FY78.

UNIVERSITY OF ALASKA, ANCHORAGE
LIBRARY

February 11, 1977

To: Kerry Feldman, Chairperson
Budget and Planning Committee of
The Anchorage Campus Assembly

From: Jack O'Bar, Director
Library

Subj: Change Needs of the UAA and Mat-Su
Libraries and UAA Media Services

In response to your memo dated January 19, 1977 asking for an analysis of library problems if the presently proposed UAA and Mat-Su libraries, Media Services, and LRC budgets are approved, our present problems will continue.

1. Continuation of reduced library hours.
2. Lack of book and materials funds adequate to carry us through the year.
3. A weak media services program due to understaffing and lack of equipment.

In addition to the maintenance request, I am outlining for the Campus Assembly in response to your request what the staffs of UAA and Mat-Su library systems believe would be an adequate change budget to solve these problems. As noted, we also need capital funding for our programs.

The maintenance requests of UAA and Mat-Su are as follows for FY 1978:

1. Mat-Su Library Maintenance 69.9
2. UAA Library 756.3 (3.5 less than actual current operating budget)
3. UAA Media Services 256.7

These figures, as shown on page 150 of the University's budget request analysis, total \$826.2.

The following figures represent UAA and Mat-Su's need for additional funds. The UAA program has seriously deteriorated in recent years and is heavily dependent upon increased funding to regain lost ground.

I. Mat-Su Library Needed Change Funding

<u>Code</u>	<u>Amount</u>
2000	.4
3000	.1
4000	.1
5000	4.2 (books @1.9; equipment @2.3)
Sub-Total	<u>4.8</u>

The 4.8 represents the exact total requested through me by Mat-Su director Al Okeson. (Equipment: Atlas case, card catalog cabinet, media storage unit, index table.)

II. UAA Library Needed Change Funding

<u>Code</u>	<u>Amount</u>
1000	144.0 (student wages @40.8; 1 professional @40.8; 4 clerks @15.6)
3000	4.0 (commodities & supplies)
4000	4.0 (contractual services)
5000	98.0 (books and equipment)
Sub-Total	<u>250.0</u>

Code 1000, Amount 144.0. The 40.8 in student wages added to that in our current operating budget would permit us to employ about 24 students working an average of 20 hours per week. This compares with the 36 students which we were able to employ three years ago when our service load was much lighter. The vast increase in cost is due to the comparative unavailability of work-study students. This increase in student workers and the 1 professional position requested would allow the Library to operate 88 hours per week. Four clerks are requested under this item. One clerk would be divided half-time between the documents department and the special services collection. The only clerical assistance which these departments now has is soft money which will vanish at the end of this year. The other three clerks would go to the Technical Services Department: two would be filled by processors and one by an acquisitions clerk. The delay in processing books in our library has, in some cases, been as much as four and five years. This is a waste of book money when one considers that the most useful period in the life of a book is the first 18 months after its publication. The additional request would permit us to keep abreast of our purchasing and processing in a manner befitting an efficiently operated service oriented library.

III. UAA Media Services Needed Change Funding

<u>Code</u>	<u>Amount</u>	
1000	107.9	(1 professional @40.8; 1 technical @23.4; 2 clericals @15.6; student wages @12.5)
3000	75.0	(film leases, equipment lease and equipment maintenance and repair)
4000	30.0	(commodities--videotape)
5000	70.0	(16mm film, videotapes and packaged instructional materials)
Sub-Total	<u>282.9</u>	

Code 1000, Amount 107.9. The professional position is for an approved Production Coordinator position which was vacated at the end of FY76 and not refilled because of lack of funding for FY77. Funds remaining for this position were used to offset lack of adequate funding in student help and to absorb promotions and step increases. Technical position and one clerical position are for Learning Center. Clerk position in Learning Center is currently filled by a part-time student because of lack of funding. An increase of 60% in use of Center for individualized instruction during past year mandates addition of media technician for production and maintenance. Clerical position will be utilized as part of production staff which now has only two full-time people plus four UYA students on soft federal money.

Student help budget is currently \$6.7. Additional request is a necessary condition for continuing to maintain the service hours at the Learning Center. Center is now open, primarily with student help, for 78 hours per week. Despite continuing demands, we do not keep film and equipment libraries open to the public beyond 5:00 p.m. because of no funding for student help.

Code 3000, Amount 75.0. Additional request is primarily for continuation of lease/purchase contracts for equipment and films necessitated by inadequate funds for outright purchase. Because much of the existing equipment is now several years old, provision must be made for maintenance and repair which has not been provided in the past. The availability of KAKM-TV as a potential vehicle for delivery of instructional opportunities to large segments of the community not having access to the

traditional program, remains virtually untapped. This is due to our inability to lease the numerous program series which have been previewed and identified by the faculty as essential to such an effort.

Code 4000, Amount 30.0. The additional request in this category is primarily for raw materials necessary for the production of instructional programming. This past year, through utilizing grants, gifts, and donations, the department has produced over 80 instructional programs of which some 350 copies have been made and distributed throughout the state for use in community college instructional programs.

Code 5000, Amount 70.0. This additional request is for replacement and purchase of title depth in the film and videotape circulating library which serves all of the Southcentral region. In addition to this, it will be utilized for replacement, duplication, and addition of individualized programs in the Learning Center and replacement of instructional equipment for community college.

IV. Capital Requests

	50.0 Library
	<u>250.0 Media Services</u>
Sub-Total	300.0

Following is an itemized list of equipment and 16mm motion picture films to be covered by the requests:

Library:

10 microfilm readers @\$1,100	\$11,000
83 double-faced steel bookshelving	15,427
2 microfilm reader printers @\$4,000	8,000
1 electronic book desensitizer	400
3 wooden library display cases @\$800	2,400
12 metal book trucks @\$150	1,800
4 card cataloge cabinets @\$1,200	4,800
4 electric typewriters @\$700	2,800
4 secretarial desks with file drawers @\$400	1,600
4 secretarial chairs @\$125	500
6 legal-size 4-drawer vertical filing cabinets @\$200	1,200
Total	<u>\$49,927</u>

Media Services:

150 new 16mm titles @\$300	\$ 45,000
1 film inspection unit @\$14,000	14,000
15 video cassette playback units plus monitors @\$2,000	30,000
10 16mm projectors @\$975	9,750
20 Singer caramate slide/cassette units @\$395	7,900
20 Wollensak audio cassette playback units with headsets @\$275	5,500
1 RCA TR600 quadraplex videotape recorder for production and support of public communication	79,500
1 16mm film editing system	10,200
1 16mm camera and accessories	12,000
6 16mm silent cameras for support of public communications @\$650	3,900
2 portable video cassette camera packages for support of commu- nications program @\$7,900	15,800
4 library display cases for LRC @\$800	3,200
10 double-faced steel bookshelving @\$185	1,850
25 study carrels @\$295	7,375
115 chairs @\$8.50	977
10 Kodak carousel slide projectors @\$275	2,750
Total	\$249,702

V. Summary (UAA and Mat-Su)

Total Maintenance	1082.9
Total Change	537.7
Total-----	1620.6

Direct Capital Request

Total----- 300.0

Grand Total (Capital and Request) 1920.6



UNIVERSITY OF ALASKA, ANCHORAGE

2533 PROVIDENCE AVENUE
ANCHORAGE, ALASKA 99504

ANCHORAGE COMMUNITY COLLEGE

March 8, 1977

Honorable John C. Sackett
Chairman, Finance Committee
Senate
State of Alaska
Pouch V
Juneau, AK 99811

Dear Senator Sackett:

Thank you for the opportunity to testify before the Senate Finance Committee on March 11, 1977. I trust this report will provide you with some written budget material that highlights my testimony.

I. My position is the Dean of Anchorage Community College. I arrived in Alaska to assume my new position in October 1976.

II. I presented the following statistics to your committee:

- a. Anchorage Community College is the largest single unit of the University of Alaska with approximately 40% of the total University of Alaska enrollment.
- b. Anchorage Community College total credit hour production:

Fall Term 1976=	46,733
Fall Term 1975=	<u>42,123</u>
Increase	4,610

This translates to a gain of + 8% growth.

- c. Student Head Count Fall 1976 = 7,345
- d. Student Full-Time Equivalent (F.T.E.) = 3,116
- e. Student/Faculty Ratio = 20/1

This figure compares favorably to colleges of like size on the West Coast with the exception of California.

- f. Cost per student F.T.E.: Anchorage Community College is the lowest in Alaska. New cost per student figures should be computed for all of the University of Alaska but I don't have the figures to do so.
- g. We anticipate a minimum of a 6% gain in credit hour production for FY '78. This is consistent with our past growth patterns.
- h. Anchorage Community College serves less than 4% of the population of the Anchorage area. Eight percent is considered good for a community college and 10% is considered excellent. Our current budget will not permit that kind of service.
- i. The budget for FY '77 was a minimum maintenance level for the year with a major cut from the Governor's Office at the last minute that mandated the minimum effort. Since my arrival I have refused to allow three budgeted professional positions and one secretarial position to be filled. We have had to go to a heavy cancellation of classes scheduled for spring term. Our summer class schedule is minimal and far below student demand. Our supplies and materials budgets are at a critical state.

III. FY'78 Budget

- a. When I arrived in October I was informed I must have the Anchorage Community College Budget narrative completed and handed in within three days and I met the deadline with the aid of my staff. I was told all dollar amounts would be allocated by a RRIM funding formula which would be fair and equitable with all University of Alaska, Anchorage units getting the same percentage.
- b. I asked, on many occasions, for the UAA budget figures and they were never provided to me. I was told at first that we would get millions of dollars (\$35,000,000 at one point) because of our growth and the Chancellor's legislative contacts. This was continually verbally revised downward until I was told it would be a tight budget year and to plan on no major increases or new positions. I was never given a University of Alaska, Anchorage budget briefing or had any input to budget allocations.
- c. In late November and early December I started hearing rumors of major staffing additions to the College of Arts and Sciences and a new School of Business and Public Administration from people other than the Chancellor. I saw some ads in national publications advertising for major new positions (copy attached) none of which were community college positions.

- d. On January 19, 1977, I finally received a copy of the budget in the mail from Dave Scott's office. I couldn't break out Anchorage Community College from the totals but the budget narrative confirmed my worst fears--Anchorage Community College had been all but ignored.
- e. I received a one page budget from the Chancellor for Anchorage Community College Instruction only and no other details on the University of Alaska, Anchorage budget.
- f. I received a memorandum from the Chancellor dated January 19th informing me Anchorage Community College would receive 7+ million dollars but that both the military programs and Community Services would be taken away from Anchorage Community College and transferred to the University under the Chancellor's office.
- g. In doing an analysis of the budget, I noted the Governor's office requested a 12% cap on the increase in the general fund maintenance column of the budget. This translated to increases as follows:

(1). Statewide Administration	26.6 %
(2). Southeast	12.95 %
(3). Rural Educational Affairs	12.7 %
(4). Anchorage (total)	11.8 %
(5). Research	9.0 %

- (6). Fairbanks 8.8%
- (7). Anchorage Community College 1.84% (40% of U of A students)
- h. Change column of the budget: Anchorage Community College received nothing in the change column.
- i. I appealed to the Chancellor in a memorandum of February 9, 1977, to change the budget to a position of equity for Anchorage Community College.
- j. I presented our budget problem to Vice President Arth and other central administrators in Fairbanks on February 9, 10, 1977, and did not receive any encouragement.
- k. On my return to Anchorage, 120 Anchorage Community College faculty members and students met with Chancellor Lindauer and expressed their concern over the budget on Thursday, February 10, from 8:30 p.m. to 11:30 p.m. The next day, at noon, the meeting continued with 180 in attendance.
- l. The Chancellor next appeared before the House Finance Committee and asked to modify the budget so one-half of the instructional change column for U.A.A. would be allocated to Anchorage Community College. This would amount to about \$500,000, if the change column would be funded by the Legislature over the Governor's recommendation and if the Governor doesn't line item veto the change column.

IV. Summary---Maintenance Request.

I feel that Anchorage Community College should be allocated the full 11.8% in the maintenance column which is the percentage allocated to U.A.A. by the central administration. This

would amount to \$857,000 as compared to \$221,000 we would receive under the present budget. Any change money that is funded should be equitably distributed among the U.A.A. units.

If the Legislature were to fund Anchorage Community College at the 11.8% maintenance level, the \$857,000 would be allocated as follows:

a. New Staff Positions: 5.5 FTE \$170,000

- (1). Accounting
- (2). Biology
- (3). Aviation (A & P)
- (4). Business Administration
- (5). Diesel
- (6). Fire Science .5

We are significantly understaffed in the above disciplines with very high part-time to full-time instruction.

b. Community Education and Service: \$200,000

At the present time we have no funds to establish a strong viable community education program that would include in-service education, job re-training, and skill development.

Under the present budget, a community service program for our Anchorage citizens is sadly neglected.

c. Labor Pool for Part-Time Instructors: \$100,000

As we increase our credit hour production, our instructor needs also increase and this sum will be minimal to cover our additional part-time instructors.

d. Counseling: \$30,000

Under the present budget submission the Anchorage

Community College Counseling Department would receive less than in FY '77. This addition would provide a minimum budget for counseling with no increased service or personnel.

e. Equipment Repair and Replacement: \$100,000

We have been operating on minimum budgets at Anchorage Community College for the past three years and the repair and replacement of equipment in our vocational-technical programs is a major problem and behind schedule.

f. New Equipment for Voc-Tech Programs: \$200,000

(1). Electronics	\$50,000
(2). Diesel Mechanics	50,000
(3). Allied Health Programs	30,000
(4). Automotive	20,000
(5). Business Occupations	20,000
(6). Welding	30,000
	<u>\$200,000</u>

Our new equipment needs have not been adequately met for several years.

g. Supplies and Materials: \$57,000

Our FY '77 supply and material budgets are not meeting current demands. We have several critical shortages now with four months remaining.

TOTAL: \$857,000

V. Change Request

If Chancellor Lindauer's change column for instruction is approved with Anchorage Community College receiving \$500,000 as he requested, I would propose the change money be allocated

as follows:

- a. Additional labor pool for part-time

instructors: \$200,000

This would allow us to accommodate the major part of our growth potential for FY '78.

- b. Summer Session: \$150,000

We would increase our summer offerings to meet student demand for classes. We currently run a very small summer program although it is called a third semester. Many students wish to attend year around and it would increase our building utilization.

- c. Additional full-time staffing: \$150,000

Professional (3 positions)

(1). Art

(2). Physical Education

(3). Music

Classified

(1). Continuing Education Coordinator

(2). Fiscal Clerk

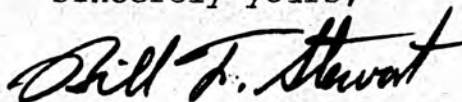
(3). Community Services Coordinator

(4). Instructional Support Secretary

Thank you for your kind attention to our requests. I would be pleased to provide any additional material or justification.

tion you desire. It is my sincere hope that out of this years budget problems will evolve a system that allows budget input from all levels of the University community.

Sincerely yours,



Bill F. Stewart
Dean

/ps
Attachment

cc: Finance Committee Members
 Senator George Hohman
 Senator Chancy Croft
 Senator H. D. Meland
 Senator John Butrovich
 Senator Joseph Orsini
 Senator Clem Tillion

KENAI PENINSULA COMMUNITY COLLEGE

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

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

Alaska Senate
Alaska House of Representatives
Finance Committees

Legislative Session of 1977

Background

The Kenai Peninsula Community College serves almost a thousand Alaska citizens twice each year in the fourth most populous area in the State. In FY 1976, registrations were third largest in the state next to Anchorage and Fairbanks Community Colleges. Each of the more than 100 courses taught each semester is important; we offer no "mickey mouse" or "community school" level subjects. We require student performance maintaining the quality of education and training that Alaskans desire and that the State needs so badly for internal development. K.P.C.C. may be rural, but we are sophisticated and innovative. We cooperate. With oil companies we train--and place--petroleum technologists. With the S.B.A. we train business managers. We train waste-water operators. We train and retrain public school teachers, health personnel, state engineers and others in many different economic fields and areas. We base our activities on the premise that each producing person from K.P.C.C. means another paying job in the hands of an Alaskan; every cultural subject completed raises the average level of the community; every transfer subject completed lowers costs and keeps students in an environment they can afford.

Budget Policy

K.P.C.C. operates an efficient college. We ask for what we need. We try as we are able to build requests without looking at artificial limitations set up by formulae or equations. We do not try to spend every penny allocated just because it is available. Each dollar must be justified. Our costs per student have been low; our productivity has been high.

Growth

K.P.C.C. is not and cannot be a status quo institution. Growth is rapid.

<u>Year</u>	<u>Headcount</u>				<u>Full-Time Students</u>	<u>Totals</u>	<u>Index of Growth</u>
	<u>Lower Div.</u>	<u>Upper Div.</u>	<u>Grad- uate</u>	<u>Non- Credit</u>			
1974-75	462	32	79	409	53	982	100.1
1975-76	739	100	106	798	61	1723	175.5
1976-77	1142	113	36	525	185	1816	202.2

At least 150 more enrollees are expected by May. K.P.C.C. has more than doubled its semester hours of credits earned by students in only 2 years; (Index 2.25:1) (or 225.3% credit hours earned). Index of Full Time students 349.1.

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Senate and House Finance Committees 1977

Page 2

Present Position

Today, the front office of K.P.C.C. is staffed with four classified workers and two administrators, just as it was four years ago; everyone is overloaded and we pay much overtime. Our full-time faculty of 12 (plus one librarian and one counselor) work above capacity. Some faculty teach up to 28 hours per week when load is defined as 12. We are having growing pains that are healthy because solutions increase statewide capacities and productivity.

It is apparent that K.P.C.C. operates very closely to the line that separates efficiency from inefficiency. Beyond that point students and State must suffer. Rather than reduce the number or lower the quality of services, we intend to continue to offer the education and training that Kenaites and Alaskans demand and that we can supply.

Budgeting for Growth

Projected costs do not rise in direct proportion to student population. The K.P.C.C. request originally was \$120.1 less than that of U.A. figures. The remainder was assumed to represent funding of our library, but this was later proved untrue and represents further increases asked for us. Amounts for Library were supposed to be determined by formula rather than by request of the college, as Dr. Romesburg noted in his report.

<u>Program</u>	<u>We Ask</u>	<u>% of Total</u>
1.0 Instruction	\$783.3	64.1
5.0 Student Services	121.3	9.9
6.0 Institutional Support	318.5	26.0
Total Program	\$1223.1	100.0

1.0 Instruction

Calculating from the maintenance level, Instruction asks for an increase of \$94.3 or 13.7% over FY 77 during the period that we have experienced 35.5% growth. Assuming that all Alaskans should receive equal educational opportunities and that the entire Peninsula must become a campus, services would be extended to at least 8 areas not now served directly in both lower and upper level instruction at a cost of \$32.0, with a .5 time coordinator and clerical assistance at \$20.5 additional. Faculty in badly understaffed career areas of petroleum and electronics would be raised by two at \$29.7 each. Desperate need of students in reading and basic education would require .5 person at \$16.5, while part-time staff costs would be reduced by \$12.4 to balance this budget.

General Fund contribution to support instruction would be \$71.4, or 75.7% of the total due to raised levels of student tuition and fees.

All increases listed and costed result from growth regardless of where placed on the formal budget. New programs are not planned at this time, although innovations should be expected within constraints of the budget.

<u>Maintenance</u>	<u>Increased Workload</u>	<u>Total</u>
\$689.0	94.3	783.3

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5.0 Student Services

Student Services asks for expansion. A specialist in Career Guidance and Placement would be badly needed at \$29.7. A financial aids and instructional secretary (shared) would be transferred from present duties at \$18.4. The present counselor by himself must counsel, test, analyze, place and recruit. He is spread far too thin. This amount would come from the General Fund (\$48.1).

Not so with the student lunch and bookstore operations which are expected to be fully self supporting. Included in the figures is the salary of .5 time help for each support function (\$16.2), and inventories would be increased by \$6.0.

<u>Maintenance</u>	<u>Increased Workload</u>	<u>Change</u>	<u>Total</u>
\$39.8	11.2	70.3	121.3

6.0 Institutional Support

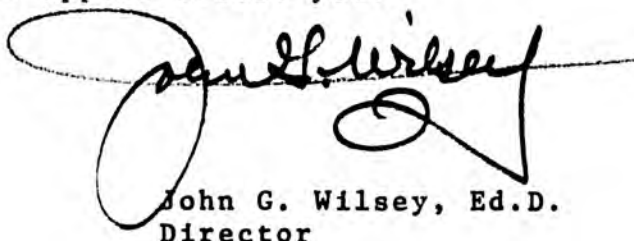
The administrative function request asks for an extra \$35.2 or 12.6%, all for increased workload. This would cover an accountant/clerk and one general clerical worker at \$33.2 plus part-time help during peak work periods (\$2.0). Because K.P.C.C. has three large buildings and 171 acres to maintain, a part-time maintenance man would be raised to full time. To adjust, three reductions would be made in present assignment allocations consistent with sound management practices for a net reduction of \$9.2.

<u>Maintenance</u>	<u>Increased Workload</u>	<u>Total</u>
\$283.3	35.2 (net)	318.5

In Conclusion

To sum up our budget request, K.P.C.C. did not ask for the moon. We did not balloon a single item. We followed sound and conservative financial and management principles. We will continue to be efficient and effective from perspectives both of the students and of the State, using careful but progressive educational management while meeting the higher educational needs of the Kenai Peninsula.

I thank you for this chance to appear before you.


John G. Wilsey, Ed.D.
Director

SENATE FINANCE COMMITTEE

March 12, 1977

8:15 a.m.

Chairman Sackett convened the meeting at 8:15 a.m. All committee members were present with the exception of Senators Croft and Orsini who arrived later in the meeting, and Senator Tillion who was absent. Also in attendance were A. B. Frol, H. A. Cutler, Dr. Charles O. Ferguson, Kenneth Garrison, David Scott, and Charles R. Fields, from the University of Alaska; University Regents Hugh Fate and Mildred Banfield; Carolyn Floyd, Director of the Kodiak Community College; Don DaFoe of the Legislature; Glen Vernon, Fiscal Analyst; Barbara Thomas from the Governor's Office; and Judy Crondahl, Administrative Assistant to Senator Sackett.

PRESENT

Chairman Sackett stated that the purpose of the meeting was to continue committee review of the budget for the University of Alaska

PURPOSE
U OF A
BUDGET REVIEW

Mrs. Carolyn Floyd introduced herself, advising committee members that she is the Director of the Kodiak Community College. Mrs. Floyd advised the committee of the educational needs in her area stating that their advisory council composed of a cross section of people in the Kodiak community had implemented a high school equivalency program. Immediately upon implementation 750 people enrolled in the program and to date 250 people have completed the high school program. She mentioned that a 1975 survey indicated that 55% of the people in her area lacked a high school education. The "out-reach" adult education program is continuing successfully. She stated that the out-reach program is available to the fishermen in the area and she felt future programs relating to navigation would also be beneficial to them.

KODIAK
COMMUNITY
COLLEGE

HIGH SCHOOL
PROGRAM

She further stated that the community college had initiated special 3 to 5 day seminars for fishermen. Community input determines the seminar topic and the college brings in experts to talk with the fishermen.

FISHERIES

Mrs. Floyd advised that the college also works with native associations both in Kodiak and outlying villages through the out reach program. She advised that the college was requesting special funds to initiate educational services and counseling for village study.

VILLAGE
EDUCATION

Mrs. Floyd advised that the Coast Guard in the area has also supported the college programs and serves on the advisory council. The college is requesting funds to hire a community service coordinator at the Coast Guard station. Mrs. Floyd added that the Coast Guard personnel provide a good source of teachers and they definitely need a coordinator on base.

COORDINATOR
COAST GUARD
BASE

Mrs. Floyd stated that the budget request for next year under change item 25.6 requests a full time building trades instructor; actually this individual will be a 1/2 time building trades instructor, and 1/2 time computer person.

BUILDING TRADES
INSTRUCTOR

Chairman Sackett asked Mrs. Floyd what her total budget would be for this year and she replied \$938,000.

The committee's attention then turned to the Southeast area of the University and Dr. Ferguson introduced himself as Acting University President, and introduced Mr. Charles Fields, Interim Chancellor for the University Southeast.

SOUTHEAST

Mr. Fields advised committee members that the Southeast branch of the University was established in 1972. It currently includes four colleges: Ketchikan, Sitka, Juneau-Douglas, and the Southeast Senior College. Mr. Fields advised that Southeast has experienced a rapid growth from an enrollment of 7,905 in 1973 to 16,875 in 1976. He added that 1977 enrollment figures indicate that credit hours are up 29% over previous years, and the growth will continue if the college provides the necessary resources. Mr. Fields further added that the college is currently unable to house developmental programs scheduled for completion in 1978, and that the U. of A. Southeast is currently involved in a study for full accreditation.

Dr. Ferguson stated that he believed priority has to be given to Southeast colleges to bring them within the level of other colleges. He advises that these colleges have responsibility for REAA functions in Southeast in that they had extended education into the villages in Southeast. Southeast has only \$30,000 to support this program throughout the area. Chairman Sackett asked what the request was for public services and Dr. Ferguson replied that all of this request has been moved into the change column 61.6 in general fund and will bring the general fund up to 184.3. Southeast serves the out reach program in Angoon, Haines, Metlakatla, etc.

3/12/77

Senator Croft asked how many students are enrolled in this program and Dr. Ferguson replied he did not have figures on all locations but in Juneau believed they experienced 300 to 400 students a year. Senator Meland asked if the college went out to the villages or the students came to the college and Dr. Ferguson replied that the college hires someone in the village whenever possible. If unable to use a local individual, teachers go from the nearest available campus.

HIGH SCHOOL
EQUIVALENCY

Senator Croft stated that it appeared that the big increase other than public services is in academic support or instructional support which should be acquainted with administration. Dr. Ferguson replied that the above occurred because that is the way the budget was put together. The computer takes up a great deal of this. A lot of instructional is for the computer. Also, in Juneau we will be requested to maintain more square footage. Also, in Sitka and Ketchikan, we have to maintain additional space which was not completed until this year.

ACADEMIC
& INSTRUCTIONAL
SUPPORT

Senator Croft stated that the personal services category in Juneau and academic support in Juneau has doubled. Glen Vernon replied that the figures for 77 show only FCC figures last year and there have been some adjustments in instructional support in that you have to add in for revised programs. The next short form will show administration.

Chairman Sackett asked how many people were in academic support in Juneau and Dr. Ferguson replied that they were using some administrative staff for a total of 26 in academic support.

Dr. Ferguson advised that another area for implementation is the student ISIS program. He advised they have asked for an additional professional person for the Southeast unit to assist with implementation of this program. All other changes are in the instructional area.

Chairman Sackett inquired as to the University's current agreement with Sheldon Jackson at Sitka. Dr. Ferguson replied that he had gone over the agreement during the past week and should be receiving the FY 78 request. He added that it has been \$50,000 since 1971-72, and he believed the new request to be around \$79,000 for 78. Dr. Ferguson agreed to provide the committee with a copy of this agreement.

3/12/77

Senator Croft stated that in totaling up instructional at the Senior College, adding academic support, instructional in Juneau, Ketchikan and Sitka, the total for academic and instructional support is \$2,114,000, and that does not include student services. Dr. Ferguson replied, yes, that is true on the bottom line figures; and that includes Sheldon Jackson and full implementation of the computer. He further added that to build up support you are going to see those kinds of figures in Alaska. The administrative staff is just going to have to come up. He mentioned a new library in Nome stating that as the college grows, the need for support arises too. He further stated that if we want to deliver quality programs, this is something we are going to have to expect, and the costs are especially high in rural areas.

Senator Croft advised that he understood the high cost factors but he was most concerned about the ratio. He added that about 42% of overall positions are in administration and that appeared to be too high. Dr. Ferguson advised that this figure will not continue to increase, that at present they are bringing these people on but when the program is going, the increase will be in the instructional area. It is when you initiate these programs that the increase is evident in support.

ADMINISTRATION

Discussion between Senator Croft and Dr. Ferguson over expenditures and percentages relating to libraries ending with the statement by Chairman Sackett that it appeared they were purchasing personal services for the libraries rather than books. Chairman Sackett further added that the budget figures reflected the problem they had experienced for the past two days of University review in that the committee is unsure of what it is looking at.

LIBRARIES

Referring back to the library question, Judy Crondahl asked how many positions were included and Dr. Ferguson replied that he would have to check; he was not aware of any changes in personnel; he thought it was for acquisition of materials, and that 49.4 was added in the change column. Mrs. Crondahl stated that 32.5 of the above is in personal services and Dr. Ferguson replied that that is what it says, but that is not what is intended.

The committee then turned its attention to Capital Improvements. Mr. Ken Garrison, Director of Statewide Planning for the University advised committee members that the direct appropriation request is a result of the failure of the 1976 bond issue. Following the bond failure the University reviewed the bond projects

3/12/77

and tried to group them in priorities. The University has a considerable amount of money invested in these projects and the direct appropriation request is considerably larger than any other before because of the bond failure.

Mr. Garrison referred first to the building on the Anchorage campus intended to serve a three-fold purpose as a P. E. Facility, Science Building and Health Occupations Facility. He advised that the building was planned and designed so that construction could proceed intermittently, and would not necessitate the total expenditure at one time. It was found that impact of the pipeline and other factors did not allow some of the contracts to be let and the University is requesting that this now be done. He advised that the basic science building would support the nursing program and also provide for basic science like that leading to a B. A. in Chemistry.

ANCHORAGE
P.E./SCIENCE
BUILDING

The student center in Anchorage has no facilities for student activities. With the growth experienced at the Anchorage campus there is a need for a place for students to meet. Mr. Garrison advised that this was originally a \$6 million bond, but only \$5 million sold; that the University was originally \$1 million short and now they need the funds. Senator Croft asked why the University didn't just issue revenue bonds and Mr. Garrison replied that they would then have to levy an additional fee upon students if this was done. Senator Croft then stated that he didn't understand what the problem seemed to be in that the legislature passed legislation last year to assist in this effort. Mr. Garrison replied that that was correct and Mr. Scott advised that the building didn't require the bonds for completion at that time. He further added that the market wouldn't support the sale of an additional \$1 million in bonds. He added that they were now asking for a direct appropriation because they feel that in the end it will be cheaper for the state, and the University will not have to levy an additional charge against the student.

ANCHORAGE
STUDENT
CENTER

Mr. Garrison further advised that the Anchorage campus had a building originally designed as a students arts facility. He added that the facility is functioning without the necessary equipment and is therefore greatly restricted in use. It is in need of lighting equipment, etc. so that performances may be given there and thus produce some additional income.

STUDENTS
ARTS
CENTER

Mr Garrison stated that all of the above buildings are in need of completion to bring them up to full usefulness.

3/12/77

Senator Croft asked how the University got to the point where it needs an additional \$900,000, what happened? Mr. Garrison replied that it was the same problem as before, that in the process of design of the building program it was decided that the building list as options the lighting, other equipment, etc. That all building was established within the framework of the planning program. Senator Croft asked who made the cost estimates and Mr. Garrison replied that the estimates were made in 73 and Senator Croft asked what the amount of the allocation was. Mr. Garrison replied it was 10.4, and Senator Croft stated that it appeared to have missed by about 10%. He then asked when it appeared that the bond amount was too low. Mr. Garrison stated it was obvious in July of 1976.

Senator Croft inquired concerning the cost of equipment for the science building and Mr. Garrison replied that the building contains three science labs and it costs approximately \$50,000 to fully equip each one; that right now the building is completely bare.

COST OF
SCIENCE LABS

Senator Orsini questioned Mr. Garrison concerning the fact that the University had apparently constructed buildings with no funds allocated to equip them for total usefulness. He questioned the University's intention of coming to the legislature with reduced prices for their buildings hoping for easier approval on their requests and then coming back the following year seeking funds to complete the facility. Mr. Garrison stated that he felt the only alternative the University had was to defer construction of the entire project until more definite cost information was available. He believed that in the long run this would delay the entire program and extend it into the next building season where inflation would be even greater.

Mr. Garrison then referred to the Kenai Community College building which was originally to be constructed in two phases. He advised that the building has been constructed through Phase I but not Phase II; that Phase I called for the minimal amount of sprinklers but there is no water to service them. The Fire Marshal has limited the use of the facility because of safety factors. Chairman Sackett asked if the fire code requirements had changed since construction and Mr. Garrison replied yes.

KENAI
COMMUNITY
COLLEGE

Mr. Garrison then referred to the Kodiak Seafood processing program, stating that the budget request will provide the necessary equipment and proper function of the building.

KODIAK
SEAFOOD PLANT

3/12/77

Mr. Garrison stated that the Kuskokwim Community College is in need of \$50,000 for expansion of water and sewer systems. University representatives have gotten together with members of the city manager's office and it was agreed that the University would have to do something to implement an interim system for sewage until a permanent solution is found. Mr. Garrison advised that the system would be a minimum solution, just enough to get by one or two winters until a final resolution is effected.

KUSKOKWIM
COMMUNITY
COLLEGE

Senator Croft questioned the adequacy of the water supply at Auke Lake in Juneau pertaining to the proposed fisheries program. Mr. Garrison advised that they have reviewed their study as to this concern. The University has determined that it will not impact the lake's supply. He further added that in this phase the lab will be using well water. The well is on the site and has been tested and discussions with other agencies have concurred with University actions in this regard. Senator Croft stated that he understood the lake was being used to its fullest extent right now. Mr. Garrison replied that the U. S. Geodetic Survey indicates there is adequate water there for our use.

AUKE LAKE
FISHERIES
PROGRAM

Mr. Garrison advised that the University was requesting funds for purchase of a parking lot at the Bill Ray Center, including funds for landscaping and drainage. Senator Croft asked what the size of the downtown lot would be and Mr. Garrison replied that he believed it to be 80 parking spaces. Chairman Sackett asked what the purchase price was for the parking lot and Mr. Garrison replied that he believed it was \$400,000. Senator Orsini again stated his opposition to the piece-meal approach the University has taken toward planning, stating that he believed the parking lot and lighting, landscaping and drainage should have been included with the construction cost of the building. Mr. Garrison advised committee members he would attempt to obtain background material on the costs surrounding this facility, and decision-making information pertaining to its planning.

BILL RAY CENTER
PARKING LOT

Mr. Garrison then referred to the improvements at the Auke Lake Campus for upgrading of the access road from Glacier Highway and improvement of the campus water supply. Mr. Garrison stated that the access road would eventually be used as a secondary road at some time in the future, and that part of the \$300,000 request would be used to help

AUKE LAKE CAMPUS
ACCESS ROAD &
WATER SUPPLY

3/12/77

develop an alternate water supply. We would like to have some authority to begin a study eventhough it may cost more before completion. He said he wanted it understood that the water problem is substantial and \$385,000 will probably not solve the water problem. Senator Croft again questioned the availability of adequate water in the Auke Lake area for both the campus and fisheries program and asked that Mr. Garrison submit substantiating data.

Chairman Sackett questioned costs pertaining to the P. E. Building stating that the University is now asking for \$900,000 when the bond issue for the same structure sought \$600,000, asking if the University attributed this increase to inflation. Mr. Garrison replied yes, they re-evaluated previous estimates and found they needed adjustment upward because of increasing costs and some program changes. Chairman Sackett stated that he understood Mr. Garrison to mean that the above increase was not only inflation but changes in University programs and Mr. Garrison replied that that understanding was correct.

P. E. FACILITY

Mr. Garrison then referred to the Ketchikan Career Building, advising that the University had money in the planning process to develop this building and had an opportunity to purchase a bowling alley located on the waterfront. The University is now requesting funds to remodel this facility. In response to a question by Chairman Sackett Mr. Garrison stated that he believed the purchase price of the bowling alley to be \$400,000. Senator Orsini questioned the need for expensive waterfront property and Mr. Garrison replied that the program included a marine technology course and at the present time the University has a temporary agreement with a private individual for use of his dock facility. Mr. Garrison stated that the bowling alley happened to become available when the University was in need of a building. The fact that it is located on the waterfront is merely a bonus point. Chairman Sackett questioned an apparent discrepancy in purchase price for this facility and asked that Mr. Garrison provide the committee with an explanation of the difference.

KETCHIKAN
BOWLING ALLEY
PURCHASE

Mr. Garrison advised that with regard to the University facility in Sitka they had a problem with the access road. The University has a limited amount of land and the road up to the building is very steep and hazardous and students do not want to attend the facility with the road in its present condition. The parking lot at this location also needs work.

SITKA ACCESS
ROAD

3/12/77

Mr. Garrison advised that the Ziegler Building in Ketchikan is in need of remodeling and the University is requesting \$99,000 for this purpose.

ZIEGLER
BUILDING

Mr. Garrison stated that the University has two projects in Fairbanks which are also completion projects resulting from the failure of the 76 bond. The research building needs additional equipment to make the programs function. Senator Orsini stated it was his understanding that a large amount of research work is federally funded. Mr. Garrison replied that the federal funds cover the cost of the actual work and the personnel to perform it, but not the construction and equipping of facilities unless specialized technical equipment is needed which is sometimes included within a federal grant.

RESEARCH
BUILDING
FAIRBANKS

The Patty Building in Fairbanks also needs completion. Mr. Garrison advised that the building is there and now completion of the hockey rink is needed for P. E. They also need the slab and ice equipment. Mr. Garrison advised that the stated amount is an item the University feels a real need to improve upon, and hope that after a full investigation the amount may be reduced.

PATTY BUILDING
FAIRBANKS
ICE RINK

Mr. Garrison then referred to the revenue bonds for electrical generation in Fairbanks advising committee members that the cost of electricity has gone from 2¢ per kilowatt to almost 6¢. He advised that the University has a system of steam generation which produces excessive amounts of steam. We have one turbine now that does produce some power, if we could add another we would be self-sufficient as far as power is concerned. The additional turbine would pay for itself within 6 to 13 years. The local utility company is unable to tell us what the eventual rates may be and we would like to have the legislature reaffirm use of the revenue bonds for that utility. Chairman Sackett asked if this was an entirely new project and Mr. Garrison replied it was.

REVENUE
BONDS
ELECTRICAL
GENERATION

Chairman Sackett returned briefly to the performing arts center, questioning discrepancies in expenditures pertaining to that facility and asking that Mr. Garrison provide more specific information.

PERFORMING
ARTS BUILDING

Chairman Sackett stated that it appeared committee members have the old list from the University and with regard to the Board of Regents 12%, and the Governor's limitations, asked how these restrictions have affected the University. Did the

Governor advise the University as to what capital improvements he wanted. Mr. Scott replied that the Governor had in outside discussions done so. Chairman Sackett asked if the Governor set the limit and the University put the projects in. Mr. Garrison replied that they had established three groups of priorities. The Governor then came back and asked us to take another look at the projects and fit them into 2.3 million dollars. Mr. Garrison advised that in group one the Health facility in Anchorage, and the Fisheries Program in Juneau (p. 194) the Governor will be funding directly; group two the Governor has tied to new revenue; and projects in group three are priorities also in terms of the regents. Senator Croft asked if the regents have a figure too, and Mr. Scott replied yes, it is the 6 million dollar figure.

The meeting adjourned at approximately 10:25 a.m.

ADJOURN

UNIVERSITY OF ALASKA

February 17, 1977

TO: MEMBERS, SENATE FINANCE COMMITTEE
POUCH V - Juneau, Alaska 99811

John Sackett
George Homan
Chancy Croft
Pete Meland
John Butrovich
Joe Orsini
Clem Tillion

FROM: Ken D. Garrison, Director Facilities Planning and Construction
University of Alaska
Room 2 - Bunnell Building
Fairbanks, Alaska 99701

Attached please find a copy of the University's FY '78 request for a direct appropriation for capital improvements. I am sure you will be aware of the reason for the magnitude of this year's request relative to previous years. The failure of the 1976 G.O. Bond issue puts the University in the position of having to submit the 6.13 million dollar request. This request is developed from the bond program by looking at those projects with highest priorities for Life-Safety and Cost effectiveness.

The request reviewed with the Division of Budget and Management of the Governor's office and by Governor Hammond. Following are the results of the reviews:

PRIORITY	PROJECT TITLE	LOCATION	UNIVERSITY REQUEST	GOVERNOR'S BUDGET
78-1	Health Occupations Facility	Anchorage	400,000	400,000
78-1	Juneau Fisheries Building	Juneau	425,000	425,000
78-1	Kenai Sprinkler	Kenai	110,000	110,000
78-1	Ketchikan C.C. Career Building Remodeling	Ketchikan	250,000	250,000
78-1	Ketchikan C.C., Ziegler Building Remodeling	Ketchikan	99,000	99,000
78-1	Kodiak C.C. Seafood Lab Equipment	Kodiak	110,000	110,000

UNIVERSITY OF ALASKA

Page two
February 17, 1977

PRIORITY	PROJECT TITLE	LOCATION	UNIVERSITY REQUEST	GOVERNOR'S BUDGET
78-1	Kuskokwim C. C. Sewer System	Bethel	50,000	50,000
78-2	Juneau Downtown Parking	Juneau	120,000	35,000 *
78-2	Resources and Irving Building Completion	Fairbanks	440,000	400,000 *
78-2	Student Center Completion	Anchorage	990,000	500,000 *
78-3	Completion of Patty Building	Fairbanks	1,320,000	-0-
78-3	Juneau Auke Lake Entry Rd. & Utilities Upgrade	Juneau	385,000	-0-
78-3	Performing Arts Equipment	Anchorage	440,000	-0-
78-3	Physical Education Completion	Anchorage	900,000	-0-
78-3	Sitka Access Road & Site Improvements	Sitka	100,000	-0-
<u>Revenue Bonds</u>				
	Electrical Generation	Fairbanks	4,000,000	
Funding Source	Direct Appropriation		6,139,000	1,444,000
	Direct Appropriation - Contingent			935,000
	Bonds (Revenue)		4,000,000	

* CONTINGENT UPON NEW REVENUE MEASURES REQUESTED BY THE GOVERNOR

The preamble briefly states the concern of the University for each of the projects. I wish to emphasize that the 6.13 million dollar request is not to imply that the 1976 G.O. Bond request contained projects which can advantageously be deferred. However, the Board of Regents does recognize the realistic need for establishing a prioritized approach.

The committee's careful review of this request is appreciated. It is hopefully anticipated that the needs of the University for these improvements and the concerns for protecting the investments already made will be viewed in their proper light by the committee and all members of the Legislature.

This Department stands ready to consult with the Committee on this request or any other matters related to campus and facilities development.

cc: Dr. Hiatt
Mr. Arth
Foster Diebold
Dr. Hugh Fato

SENATE FINANCE COMMITTEE

March 26, 1977

9:10 a.m.

Chairman Sackett convened the meeting at 9:10 a.m. PRESENT
All committee members were present with the
exception of Senator Butrovich. Also in attendance
were Dr. Marshall L. Lind, Commissioner of Education;
Dr. Nathaniel H. Cole, Deputy Commissioner; Mr.
Ernest Polley, Coordinator Planning & Research,
Dept. of Education; Mr. William D. Thomson, Director,
Management, Law and Finance, Dept. of Education;
Marilou Madden, Director, Education Program Support;
Glen Vernon, Fiscal Analyst; and Judy Crondahl,
Administrative Assistant to Senator Sackett.

Chairman Sackett advised that the purpose of the PURPOSE
meeting was to continue budget review for the DEPT. OF EDUCA-
Department of Education. TION BUDGET REVIEW

The review began with Program Evaluation and Ms. PROGRAM
Madden advised committee members that the program EVALUATION
is slightly different this year due to reorganization
by the Division of Budget and Management. Senator
Croft asked if there were any adjustments in the
program and Ms. Madden replied that there is a
transfer of one position out of this BRU.

Chairman Sackett asked that she explain the CONTRACTUAL
\$126,500 listed under contractual. Ms. Madden TALENT BANK
replied that the Talent Bank is the largest
contractual item. This pertains to specialized
education-related programs such as guidance
counseling. The department had the choice of
increasing staff personnel or using local people
on a contract basis and opted for the latter.
At the cost of one staff position the department
has been able to tap the skills of many individuals
spread throughout the districts.

With the development of the REAA's we did not have TALENT BANK
enough staff people to satisfy secondary school REAA's
needs, and have taken local people and had them
travel from one REAA to another delivering their
own expertise. Chairman Sackett asked Ms. Madden

if she had a breakdown for use of the Talent Bank within the REAA system. Ms. Madden said she would supply that information.

Chairman Sackett questioned the \$17,000 figure for workshop and conference support. Ms. Madden replied that this fund is for the entire division for administrative in-service training in special education, to acquaint personnel with new regulations, current application procedures, etc.

IN-SERVICE
TRAINING

Regarding Career & Vocational Education, Ms. Madden advised that these funds relate to the director and his staff in the special education program dealing with projects like home economics, etc. This staff administers federal and state vocational education moneys and provides programs. Senator Orsini asked if the staff increase was due to the pipeline, and Ms. Madden replied no.

VOC. EDUCATION

Regarding Special Education, Ms. Madden advised that this program related to administration and handling of federal and state funds for handicapped individuals in various projects. Senator Meland asked if this was a new program and Mrs. Madden replied no, it is transferred from the federal program. Senator Croft stated that he understood this included a transfer of 7 positions. Ms. Madden replied that this understanding was correct, 6 positions came from federal and the other was from within. Ms. Madden delivered a breakdown of transferred positions to committee members.

SPECIAL
EDUCATION

Pertaining to Supplemental Programs, Chairman Sackett questioned the \$72,400 listed for contractual. Ms. Madden replied that this was again for a Talent Bank, adding that they try to get people in the field to assist in developing federal programs as well as state. We try to move the services as close as possible to the districts through the Talent Bank and help to reduce staff levels at the department.

SUPP.
PROGRAMS

Senator Croft asked if it was true that special education and supplemental programs derive the bulk of their funding from the federal level and do not require general fund money. Ms. Madden replied that supplemental programs do not require too much from the general fund, but added that the state is going to have a problem with special education

FEDERAL FUNDING
SPEC. EDUC. &
SUPP. PROGRAMS

because some federal funds require state match. At the present time, these programs are almost completely federally funded, but they will require more state match over the next few years.

Regarding the Accreditation program, Ms. Madden advised that the State Board of Education adopted regulations which require boards of education to work with communities to determine community goals and objectives. This program oversees that process and provides support. These are the same people as formerly worked in other areas--they have just been reassigned.

ACCREDITATION

Pertaining to Professional Teaching Practices, Dr. Cole advised that this division is located in Anchorage and that the Director was unable to be in Juneau to appear before the committee, but that he would answer questions concerning this area of the budget. He advised that the budget is the same as last year with the exception of a request for a part-time secretary, adding that the Director does need additional support.

PROFESSIONAL
TEACHING
PRACTICES

Judy Crondahl stated that it was her understanding that this program was funded entirely out of program receipts and asked if they would be sufficient for the coming year. Dr. Cole advised that the request was the same for 78 and program receipts were coming in higher than anticipated, adding that he didn't know what the receipts were for 77, but remembered that 76 receipts exceeded estimates.

PROGRAM
RECEIPTS

Chairman Sackett stated that the committee had some question as to the validity of the existence of the program in terms of its purpose and whether it functions appropriately and asked that Dr. Cole make this feeling known to the Director.

VALIDITY
OF PROGRAM
QUESTIONED

Senator Meland asked if the people serving on the commission are all teachers, and Dr. Cole replied that five are teachers and two are administrators, but that there is currently a bill in process to increase that number by two; the two new members to be lay people.

Regarding Executive Administration and the Commissioner's Office, Dr. Cole advised that this section of the budget had shifted internally

more than any other section. He stated that they had tried to reorganize, adding that the shifting of positions was confusing but necessary to try to accomplish legislative intent. He further advised that the appropriation for Executive Administration has been broken down into the Office of the Commissioner; Boards & Commissions; and Planning, Policy & Research.

EXEC. ADM.
COMMISSIONER'S
OFFICE

Senator Croft advised that he understood this section had transferred in 7 new positions. Dr. Cole replied, yes, we have transferred 7 positions and shifted them between components and then out of BRU's and into other BRU's. What was in the budget as a personnel function was changed by law, and this function was subsequently delegated to the office of the Commissioner. Senator Croft questioned the large increase in positions while the overall budget has decreased. Dr. Cole stated that the dollar amount has decreased due to prior year one-time appropriations for projects such as telecommunications, \$85,000; boards and commissions, \$35,000; and federal receipts of \$5,000 - \$10,000. Some of the above funding and programs have never really been utilized and it wasn't necessary to continue them this year.

TRANSFERS

Dr. Cole advised that a large reduction was also to be found in the merit increase area. Senator Croft asked if the department intends to pay merit increases this year. Dr. Lind replied that the department would where these increases are justified, adding that the department has always taken a very close look at these. Dr. Cole added that the department follows the state form, and if an employee has a good evaluation, he gets the merit increase. The department does the same as other agencies, but he further stated that he didn't feel that the department has as many outstanding evaluations as some agencies.

MERIT INCREASE

Regarding Planning, Information & Research, Judy Crondahl advised Mr. Polley that while this section claimed to be budgeting less in 78 there was no decrease shown on Form 5, p. 772. Mr. Polley advised committee members that he may have to come back with more detailed information on that item adding that in Planning & Research there is a general decrease.

PLANNING

Chairman Sackett questioned the 107.2 for student assessment stating that the above amount appears to be about the price tag for instructional T.V. listed under essential skills. Mr. Polley replied that the best the department could do is to come back to the committee with an amendment or decreased budget.

STUDENT
ASSESSMENT

Chairman Sackett inquired as to when the student assessment would be completed. Mr. Polley replied that the testing was being conducted right now in 37 schools. The report should be available sometime next summer. By next fall we will have completed the second component of the project and have school diagnostic testing available for the teachers. We will always have a maintenance figure on the system and any other testing the legislature may request. Judy Crondahl asked what the maintenance cost might be and Mr. Polley replied that he would guess about \$60,000 a year.

Pertaining to Boards and Commissions, Senator Croft stated that the Activities Association had appeared before the committee asking for additional funding due to increased participation in activities by Alaska's youth. He added that it was his understanding that these funds were tied up and that in fact there are no activities. Dr. Cole replied that the above understanding is correct from the department's point of view. He added that the Activities Association request was something like \$90,000, but the Governor had reduced it. Dr. Cole further added that the only answer he had is that it is hard to determine how much should go into education, and how much should go into activities.

BOARDS &
COMMISSIONS

ACTIVITIES
ASSOC.

Regarding Debt Retirement, Mr. Thomson advised that the total of 11.6 million is from an unaudited number of projects. The department is unsure of whether or not they will be eligible under state statute. The department will not be able to tell until the auditors close city and borough books. Chairman Sackett asked when the department would have the necessary figures, and Mr. Thomson replied sometime next fall. Chairman Sackett advised that it was his understanding that the above

DEBT RETIRE-
MENT

figure may have approximately 2 million added to it,
and Mr. Thomson replied that his understanding was
correct.

The meeting adjourned at 10:05 a.m.

SENATE FINANCE
GENERAL GOVERNMENT SUBCOMMITTEE
February 23, 1977

Chairman Croft convened the meeting at 3:10 p.m. Present were Senator Sackett; Alison Farnan, Fiscal Analyst; representatives of the Department of Public Works consisting of Bill Race, Wally Deboff, George McCurry, Richard Holden, Bud Saylor, Mr. Steel; representatives from the Division of Budget & Audit, Janet Green and Louise Crane.

Senator Croft advised the Public Works representatives that the purpose of the meeting was to go over with them the various portions of their budget in the General Government category. He stated that the Subcommittee had copies of all audits that have been done for the past couple of years together with the Management and Efficiency Study relating to Public Works, various revised programs and legislative intent for the year 76-77 budget.

Review began with the Construction Inspection sub-program.

\$15,000 _____ section
\$ 4,000 in administration.
Governor's 8% reduction.

Reorganization of Division. Some positions in 78 budget under capital improvement were converted to general fund.

Croft - Transferring out one engineer position. What does this RP do?

Pub. Wrks. - Wanted to transfer one position to general services and supply.

Engineer transferred to construction administration.

Croft - 3 Administrative assistant positions. If they are under the Buildings program, how do they relate to engineering contract? Is it up to the Department to sever those from the contracts?

Pub. Wrks. - \$2,000 advertisement of contracts. Department to establish selection system. Contract for design work.

Croft - Other funds were requested in the past, no other funds requested this year?

Pub. Wrks. - No, we sent in for all general funds this year. It is difficult to pin those positions down to specific projects, so thought it best to put those positions in general funds.

FY 77 requests coming from project RC's from other agencies to pay for part of the salaries. Clerk typist transferred to the general fund also. Cover a large range of projects. (CIP clerk typist)

Croft - Were administrative assistants originally hired for specific project?

Pub. Wrks. - Depends upon workload as to hiring. There is generally a lot of work for administrative assistants.

Some positions stricken by the Commissioner, not to be filled.

1 accountant (normal vacancy factor)
1 accounting clerk II

Croft - How long has the position been open?

Pub. Wrks. - Right now I would say a little over a month. We have authority to fill accounting clerk/supply officer position. Cost accounting transferred over to Commissioner for review.

Alison - These 6 positions, do they move physically?

Pub. Wrks. - No.

Croft - Seven million dollars under Maintenance and Operations account FY 77. Governor allowed 85.

6 positions were deleted
2 supply officers transferred out.

Pub. Wrks. - 6 Valdez positions. Do not know why the budget is at 85. We have no RP.

Croft - I question 1976 figures. 6 million dollars, 40% expenditure to date.

Pub. Wrks. - Personal services running less, contractual running over.

\$222,000 restricted FY 76, 77 and 78. Wasn't all for personal services, some was contractual. Related more to facilities than to contractual services. Most of the positions were frozen so we have not been able to fill those positions.

Would like an appropriation for the way things are going now and then we are going to straighten it out later.

Holden - Pretty hard to have to cut your own budget. Don't want to get in a position where a supplemental is needed.

Croft - It looks like there is extra money where I would like to cut it out, but I don't want to cut out too much. I would like you to know that I am going to recommend to the finance committee that cuts be made.

Holden - Commissioner Harris will clarify in writing need for what appear to be surplus funds.

Croft - I would like to know more about frozen positions and how long they have been frozen. Sent letter to Public Works trying to find out how freezing affects entire budget. But still I understood that some of the positions were outside the governor's freeze order.

Pub. Wrks. - We didn't have any choice, we had to reduce our budget by 8%.

Croft - That brings up the question of why not do it again?

Pub. Wrks. - General Services and Supply, trying for 3 years to fill position of purchasing agent. Finally we cut position in FY 77 budget. 8% has to come out, so we had to keep position of Purchasing Agent I vacant for 8 months in order to comply with 8%.

Croft - Apply percentage of last FY 76 _____ to request for FY 77 and come up with \$860,000 excess.

Pub. Wrks. - We don't want to get into a situation where we are short on funds. We have a very strict boss. Any request for a supplemental is to be accompanied by a resignation.

Croft - Question on interagency receipts.
Do you have any indication what this is going to do?

Pub. Wrks. - It is going to affect all the agencies because of the billings sent out in the past.

Race - In the past the using agency did get a bill. Bills all came to us for maintenance work. It should be simple enough to pay the bill and advise the using agency. It would insure that money appropriated for maintenance is spent for maintenance.

A maintenance policy has never been established.

Holden - Evidence of lack of maintenance. Bill for repairs to school from Superintendant White \$28,000. School had been given maintenance funds but funds not spent on proper maintenance. Another example is Ketchikan Ferry Terminal.

Governor's Management & Efficiency Study

Five recommendations.

1. Revise budgeting procedures for building maintenance expenses.
2. Establish a facilities planning board. (Annual cost of 10% CIP)
3. Establish a review section in planning and design.

CIP - Budget and Management has little ability to coordinate between construction budgets. Integrate requests, try to coordinate functions on one board.

Re: 165, 166, 167, revise budget procedures.
\$430,000 savings
268,000 annual cost
2.6 million annual cost avoidance

Is there any way we can effect these recommended savings?

Holden - December 16 to January 10, the Department was at a standstill because of a general breakdown of bureaucracy.

Croft - But the recommendation for establishing a new section of planning and design. \$430,000 annual savings. Is there any way we can document these savings? (facilities budget)

Pub. Wrks. - CIP savings. More building for the money. Potential reduction of about 6 positions. Most of them were in the support area. Reductions in contractual services less than \$40,000. General design less than 30% BRU. Part of savings was in that some of the positions were never filled.

Croft - Are any of those positions frozen?

Pub. Wrks. - No, 21 of the 37 were restricted.

Croft - Was there anything restricted this year?

Croft - Under your net figures you had 12 full-time. Now you show 14. You have transferred out 3, right? Four positions under the general fund. Then you add 4 more, right, and come out with 7 CIP and 12 new clerk typists. 12 to 14 total number of positions?

Green - No they have 8 positions transferred out, 2 transferred in.

Croft - And you take 4 supervisory positions, one is filled from general government.

Pub. Wrks. - Design engineer II position
Deboff classified as construction engineer
when he was really a design engineer.

Communications -

No frozen positions. Big overtime and hazard rate.

76 - 78 personnel services. Labor contract, rising requirements, etc. Increase in salaries except for 1.8 increase in Capitol Building maintenance.

SENATE FINANCE
GENERAL GOVERNMENT SUBCOMMITTEE
February 24, 1977

Chairman Croft convened the meeting at 1:40 p.m. Present were Senators Hohman and Sackett; Alison Farnan, Fiscal Analyst; Terry Dale, Ann K. Mawn, and Danith Anderson, Office of the Lt. Governor; Howard Devore, Office of Volunteer Services; Louise Crane and Janet Green, Budget & Management; Avrum Gross, Wilson Condon, and Dick Pegues; Attorney General's Office. PRESENT

Chairman Croft addressed those present stating that the Subcommittee would be reviewing budgets for the Office of Volunteer Action and the Department of Law. He stated the Subcommittee would begin with Volunteer Action, mentioning that this agency has to date had no real opportunity to explain what its purposes are and what it has accomplished to date. VOLUNTEER ACTION & DEPARTMENT OF LAW

Mr. Howard DeVore introduced himself as a representative from Volunteer Services. He stated that one of the primary goals during the first year of the program was to analyze volunteer movements in Alaska and try to find problems and needs which might be addressed. Phase II of the program would entail addressing those needs. Mr. DeVore delivered his program report to Subcommittee members. He stated that while the primary purpose was to provide assistance to volunteer programs for both state and municipal governments, the primary contribution to date has been in the private sector to agencies that have come to them for help in the management consultant area. Part of the first phase of the program involved visiting communities in Alaska to determine need and try to implement the program. PURPOSE VOLUNTEER ACTION

Mr. DeVore stressed that the first phase did not place volunteers. In the second phase they would be using volunteers in their offices to carry out recruitment and referral to state government. He stated they now have 17 new people working in Anchorage under the Social Services program with Harley Peterson. Senator Croft asked if they intended to have a certain number of volunteers placed in government at a specific time. Mr. DeVore replied that they hoped for a 25% increase over what they now have, which is less than 100 people. GOALS VOLUNTEER ACTION

Chairman Croft asked Mr. DeVore if the budget reflects the total cost of the program, and Mr. DeVore replied that it did. Chairman Croft inquired concerning expenditures through December. Mr. DeVore replied that as of January 31 they had spent \$60,000 and that included \$9,000 of what they call "soft match." Chairman Croft inquired into actual cash expenditures and Mr. DeVore replied they had spent \$50,000, the state to match with 12/5. Chairman Croft then asked how much of the budget had actually been expended through December. Mr. DeVore replied that their fiscal year overlaps with the state's and it is difficult to give December figures. The total grant for the first phase was from federal money and they have used \$48,200. They have not spent any FY 77 money. The 5/12 money will be spent in this fiscal period and the second phase of the program is a 50/50 share in the cost of the program.

VOLUNTEER
ACTION
EXPENDITURES

(Mr. DeVore and representatives from the Lt. Governor's Office left the meeting at this time and the Subcommittee took up the budget for the Department of Law.)

Mr. Gross advised Subcommittee members that Mr. Condon and Mr. Pegues would speak on budget matters.

Chairman Croft advised the representatives that the Subcommittee had before it all budget and audit material relating to General Government. He stated that the Subcommittee would be taking up the civil aspect of the Dept. of Law, the branch that provides all civil legal services throughout the state.

DEPT. OF
LAW

Mr. Condon began his presentation stating that the Civil Division of the Department consists of 47 assistant attorneys general, of whom two are consumer protection attorneys, clerical and supervisory staff. Taking into consideration Mr. Gross and Mr. Condon, the total number of attorneys within the Department is 49. Four of the positions within the 49 are positions created by revised programs. Two dealing with child support enforcement have come from the court system; one position transferred from the Dept. of Labor (previously involved with OSHA Review Board presentations); and the fourth new position involves ATC and PUC Commission needs. This fourth position serves half time with both agencies under a reimbursable services arrangement.

STAFF
POSITIONS

Senator Croft stated that the Department has the highest percentage increase of any agency, mentioning an increase of 26% for FY77-78. Mr. Condon stated that part of the

BUDGET
INCREASES

increase results from the fact that the Department has very few small positions that do not fall within the APEA general government and supervisory bargaining unit and they have had quite a large salary increase. Another part of the increase is due to revised programs and the large number of people in the professional salary range. The 11% increase in salaries was not in the 77 budget. Adjustments to this year's budget of \$203,000 were needed for additional salaries. Mr. Condon also mentioned the \$200,000 ICC supplemental, stating that that amount won't show up in the budget until the supplemental is acted upon.

Senator Sackett asked if the newly created positions under the RP and reimbursable services are reflected in the 8 new positions in the budget. Mr. Pegues replied that they are included in FY 78 new positions but he believes 2 are general fund. Senator Croft then restated his understanding that the Department has requested 8 new positions and already filled six of them. Mr. Pegues replied that was correct. Senator Croft asked if the Department had any additional vacant or frozen positions and Department representatives replied no. Senator Sackett inquired as to the governor's 8% reduction, and Mr. Pegues replied that it amounted to approximately \$113,000 and the restrictions were applied in all areas based on location.

NEW
POSITIONS

Chairman Croft then inquired regarding the ICC representation and what the fiscal note was last year. Mr. Pegues replied that he believed it was \$100,000; that the appropriation bill did not get out of the finance committee, and they were now asking for \$200,000. Mr. Pegues also mentioned HB 167 seeking a \$165,000 supplemental. Chairman Croft stated that he understood the above to mean that they were asking for 1/3 of a million dollars for ICC representation. Mr. Gross replied that it would probably be more than that to be honest. He stated that the Department had been directed by the legislature to represent the state in this capacity and that they had received \$20,000 from the governor's contingency fund. Mr. Gross stated that they had spent \$14,500 through December. Senator Sackett asked if the \$165,000 was intended for use from now to June 30, and Mr. Gross replied, yes.

ICC
REPRESENTA-
TION

Chairman Croft then questioned the \$582,000 in FY 77 expenditures and stated that figures indicated the expenditure through December was less than 40%. Mr.

MID-YEAR
EXPENDITURES

Pegues replied that they had gotten a little from two interagency agreements. He stated that this figure allowed the Department to spend up to that amount should they need it. Mr. Pegues stated that \$26,000 of that amount is in DPDP and figures to date indicate \$380,000 is professional services and \$158,000 is for interagency services.

Chairman Croft asked why 37.5 for contractual had not been spent through December. Mr. Pegues replied that the Department could not predict when court action would occur. At the present they have \$20,000 which they use for witness fees, expert witnesses, etc., and stated that he didn't feel they were going to go over that. Mr. Pegues stated they had some work they wanted to start but did not know where they stood on the gas pipeline supplemental and would not commit on this work until they know what the legislature is going to do. Pertaining to HB 167, Mr. Pegues stated that they has asked that the requested amount be revised. CONTRACTUAL EXPENDITURES

Chairman Croft questioned the representatives regarding HB 122 and his understanding that none of the money contained in that supplemental was to be used by the Department. Mr. Pegues stated that this understanding was correct. Chairman Croft raised questions concerning the fact that funds for the pipeline investigation and ICC representation were not included in last year's budget. Mr. Gross replied that the Pipeline Commission was not functioning at that time, that the legislature had gotten the Commission going. Chairman Croft then asked why there was no budget revision presented for 77. Mr. Gross replied that there was a \$100,000 request made, and that the Department thought HB 706 would pass. In fact he stated the Department was assured by Cowper it would, and the Department thought it was going to get that money. After the legislature, the Department met with the Governor's Office and the Pipeline Commission, asking that the Department be given funds from the Pipeline Commission budget, but the Commission replied they had none to spare. Chairman Croft asked why the administration had not come in with a budget amendment for 77, and Mr. Gross replied that no one wanted to be involved in the pipeline fight and the legislature had granted the function to the Department. PIPELINE COMMISSION & ICC

Senator Sackett questioned lapses in pipeline funds during the past year and asked Mr. Gross if he expected the same this year. Mr. Gross replied he expected no lapses during LAPSES

the next year. The work before them was so massive and there was such a short period of time, the Department had tried to be as accurate as possible but the figures given at this point are only estimates. Mr. Gross further stated that he thought they had enough to make a meaningful attempt. To stress the magnitude of the project, Mr. Gross stated that a 1¢ difference in the tariff would mean approximately \$850,000 per year to the state. He stated that they expect the tariff to be somewhere in the \$5 to \$6 range.

Senator Hohman asked Mr. Gross if the Department would be contracting with Donelan & Cleary, and Mr. Gross replied that the Department already had. Senator Hohman then asked if the Pipeline Commission would be contracting with them too, and Mr. Gross replied that the Commission had contracted with Terry Lenzner.

DONELAN &
CLEARY

Chairman Croft then restated his understanding to be that the Department was picking up Child Support Enforcement, adding Human Rights, ICC representation and the Gas Pipeline? Mr. Condon replied that the labor positions under PUC and ATC, and child support are positions for which we now have revised positions, that the new positions are for a POC attorney and secretary. The new positions to be general fund.

POC
ATTORNEY

Chairman Croft asked if the funding delay had in any way impeded the state's position in regard to ICC representation. Mr. Gross replied that he felt the suit should have been started in 1972, but that the state's case has not been impeded or prejudiced, that the Department had proceeded under the assumption that they would get the money. Mr. Gross further stated he wished the Pipeline Commission, the legislature, and the administration had gotten to the Department a lot sooner.

ICC
REPRESENTA-
TION
IMPEDED?

Chairman Croft questioned the services to the POC stating that last week the Department requested the legislature to authorize such a program. Will the Department be able to handle this work? Mr. Gross replied that they would. Mr. Condon stated that the Department would be able to render the general day to day advice, that there was a considerable amount of regulation work that needs to be done, penalty and claim work, and that one attorney would be able to do a good job but, there was some question as to whether he would be able to handle the actual prosecution.

POC FUNCTION

Chairman Croft questioned whether the Department would be able to handle child support enforcement. Mr. Condon stated that they had one person in Fairbanks, two in Anchorage, and worked through the District Attorney Offices in Ketchikan and Juneau, and with the present staff they hoped to be able to do an adequate job.

CHILD SUPPORT
ENFORCEMENT

Senator Sackett asked if the POC has requested their own attorney. Mr. Condon replied that they had \$24,000 for a hearing officer. They wanted to use him for other than legal services and hoped to do this by contract. Mr. Gross stated that everyone wants their own attorney, they all feel the Department doesn't give them enough attention.

POC HEARING
OFFICER

Chairman Croft referred to the audit that was done March 4, 1976, discussing interagency review, and asked if the receipt reports on an accrual basis were being done. Mr. Pegues replied that receipts were kept on an actual basis, and the Department keeps an accurate log. When we closed out in 1976, we made sure general funds were available to cover any transfers we had in interagency receipts. Transfer accounts are improving. We keep track of all bills from the actual accounting run, put them together and send to each agency. When the transfers do occur, we number them by month and we know we have to have equal savings in our account.

RECEIPTS

Chairman Croft then turned to the Management and Efficiency Review and asked if Recommendation No. 91, pertaining to consolidation of activities within the Department had been effected. Mr. Pegues replied that Recommendation No. 91 had been implemented.

NO. 91

Concerning Recommendation No. 92, pertaining to the keeping of time cards, Mr. Pegues replied that the Department was not doing this and had no plans to do so.

NO. 92

Alison Farnan inquired concerning the time management system for reducing attorney and secretarial time. Mr. Condon asked if she was referring to the question of whether the Department could get along with less attorneys if they allocated their time better, and replied that all the attorneys the Department has are busy.

TIME
MANAGEMENT

Chairman Croft inquired as to why the recommendation pertaining to time cards had not been effected, and Mr. Condon stated that the first step the Department took was to try to establish a management system for the civil

NO. 92
TIME
CARDS

side of the Department rather than time cards. We have introduced into the system a program for keeping track of where things are and what the current workload is. This appeared to be a more efficient operation than time cards. Mr. Gross stated that he would furnish Chairman Croft with an outline of the Department's Management System.

Chairman Croft asked Mr. Gross if the Department could justify their increases, stating it had the greatest increase of all departments. Condon replied that they were only seeking one attorney and one secretary and the FY 77 budget was a number well below what it is going to be. Chairman Croft stated that if this is the case, their expenditure to date should be more than 50%, but figures show 48.5% overall. Mr. Condon stated that with the two child support enforcement positions, OSHA personnel and additional attorney shown as budget increases, what appears to be a large increase is really not that big. Mr. Pegues stated he would prepare a letter to the Subcommittee analyzing budget increase minus extraordinary expenses.

JUSTIFICATION
OF BUDGET
INCREASE

Chairman Croft asked why Recommendation No. 93, pertaining to attorney position in Highway section had effected no savings or cost avoidance. Mr. Condon replied that the Department did not agree with this recommendation.

NO. 93

Concerning Recommendations No. 94 and 95, pertaining to utilization of paralegal aides, Chairman Croft questioned why this had not been done. Mr. Condon replied that the Department now has two investigators in consumer protection. Mr. Gross stated that the Department would like to use more paralegals and Mr. Pegues stated that they hoped to have some type of a plan for paralegals sometime before the end of March.

NOS. 94, 95

Chairman Croft inquired into the number of Antitrust suits currently pending and Mr. Condon replied that the Department now has 10 cases filed under the state statute.

ANTITRUST

Chairman Croft inquired concerning Recommendation No. 96, pertaining to management capabilities within the Department, and Mr. Pegues replied that it is well on the road. The system is not completed but that is the last phase.

NO. 96

Chairman Croft inquired concerning the estimated \$114,000 savings and asked if his understanding was correct that instead of a savings there would actually be an increase

SAVINGS?

of about \$48,000. Mr. Gross replied that his understanding was correct.

The meeting adjourned at 3:00 p.m.

ADJOURN

(Meeting was not taped)

SENATE FINANCE
GENERAL GOVERNMENT SUBCOMMITTEE
February 28, 1977

Chairman Croft convened the meeting at 3:00 p.m. Present were Alison Farnan, Fiscal Analyst; Janet Green, Louise Crane, and Ron Lind from the Division of Budget and Audit; Marion Endicott, Leonard Lane and Kent Dawson from the Governor's Office; Ann Mawn, Danith Anderson and Patty Ann Polley from the Lieutenant Governor's Office; George Shaginaw from the Office of Telecommunications; and Judy Crondahl.

PRESENT

Chairman Croft stated that the purpose of the meeting was to review the budgets and efficiency recommendations for both the Office of the Governor and Office of Lieutenant Governor.

PURPOSE

The review began with the Lt. Governor's Office. Chairman Croft questioned the purpose for revised program 77-2-2-2 transferring \$50,000 to contractual services. Mrs. Anderson stated that this amount was expended in connection with the election pamphlet; \$37,000 for the pamphlet, and \$13,000 for general contractual.

LT. GOV.'S
OFFICE

Chairman Croft stated that figures show the Lt. Gov.'s Office lapsed \$67,000 out of their \$364,000 appropriation, and through December expenditures have been running less than 40%. Mrs. Anderson replied that contractual moneys left at the end of December were due in part to Volunteer Action's use of only \$15,000 in contractual funds, and they have expended 45% in personal services. In addition, some of the amount was due to vacancy and turn over. Chairman Croft asked if any of their positions were vacant for more than a month and Mrs. Anderson replied that they had initially sub-filled the position, but it is now filled at the authorized level. Chairman Croft again referred to the 1976 lapse and the fact that figures show that to date and through the end of December, the Lt. Governor's Office is spending less than the authorized appropriation. Mrs. Anderson stated that AAC contractual service costs were running less than anticipated. She further stated that figures for 1976 show an actual expenditure of less than \$300,000; that \$35,800 is the overall year end lapse. Chairman Croft stated that legislative figures show \$66,800 as the general fund lapse. He further stated that it appeared to him that too much has been budgeted in this area.

MID-YEAR
% EXPENDED

LAPSE IN
CONTRACTUAL

2/28/77

Chairman Croft asked if the initiative and referendum costs were for last year only, and if the costs involved could be transferred out. Mrs. Anderson replied that the costs were for last year but could not be transferred. She also stated that last year the Lt. Gov.'s Office hired some temporary employees who checked for signatures and no additional moneys were budgeted for them. Chairman Croft stated that it still appeared that to date they had expended less than 40% of their appropriated funds.

**INITIATIVE
& REFERENDUM**

Chairman Croft then referred to Efficiency Recommendation No. 9 (Provide Additional Office Space for the Lieutenant Governor) and asked if it had been effected. Mrs. Anderson replied no, and Chairman Croft mentioned there was no cost impact anyway.

**RECOMMENDATION
NO. 9**

Chairman Croft then reviewed the budget for the Elections Office. He stated that he understood that \$50,000 had been transferred out due to the fact that school board elections did not occur. Mrs. Polley stated that was correct. Chairman Croft asked her how she determined these elections would occur this year and she replied that the law states they will occur in October of 1977 (Chapter 92, 1976 Session Laws). Mrs. Polley stated there had been some question about terms of office and when resolved effected a change in election date.

**SCHOOL
BOARD
ELECTIONS**

Chairman Croft referred to Efficiency Recommendation No. 16 (Provide sufficient funding for travel requirements in the Juneau office and provide backup supervisory capability) and stated that he assumed this referred to election years. Mrs. Polley replied yes, the office had increased its election year travel in order to get election officials trained. Chairman Croft asked if the recommendation came out before the FY 77 budget was concluded and Mrs. Polley replied she didn't believe so, that the Office already had election supervisors for most of the boards but this unfortunately had not eliminated the necessity for the re-election up north. Chairman Croft asked what the re-election would cost and Mrs. Polley replied approximately \$10,000; that \$8,000 is for the election board only.

**RECOMMENDATION
NO. 16**

Chairman Croft then referred to Efficiency Recommendation No. 14, (Use computer output microfilm to generate voters' lists) and asked if this was being done. Mrs. Polley replied that it is currently being done.

**RECOMMENDATION
NO. 14**

Chairman Croft stated that his review of the Lt. Governor's Office and Office of Elections was concluded and representatives from those two offices left the meeting.

Attention was then directed to the Office of the Governor, specifically the Executive Offices. Chairman Croft referred to Efficiency Recommendation No. 8 (Purchase a signature machine for the Office of the Governor) and asked if this had been done. Marion Endicott replied that it had, at a cost of \$2,040.00

GOVERNOR'S
OFFICE
RECOMMENDATION
No. 8

Chairman Croft then stated he had questions regarding some of the RP's requested in fiscal year 77. He asked why the Management & Efficiency Study and implementation wasn't included in the budget. Mrs. Endicott replied that at the time they made the decision to have the efficiency office they were working on 78 budget request. They felt they should take the cost from existing budgeted funds rather than have an increase. They took all funds from the Office of the Governor and did not bill back to the agencies.

RP'S
MANAGEMENT
& EFFICIENCY

Chairman Croft referred to the RP for the fisheries council stating that the legislative intent was that the council wasn't to be funded out of the executive office. Mrs. Endicott replied that the revised program clearly specified the executive office would supply required match. Chairman Croft asked if the Division of Budget and Audit approved the use of funds for this project and Mrs. Endicott replied yes.

RP
FISHERIES
COUNCIL

Chairman Croft stated he believed the increased funding to be due to the ASHA bond with regard to the court house. He further stated he understood the Management and Efficiency office was not going to operate after July 1, 1977, and asked why the rent for this office was still necessary. Mrs. Endicott replied that Management and Efficiency was using one room at the present time and that Budget and Audit would be absorbing this space.

ASHA BOND
CT. HOUSE
RENTAL

Chairman Croft questioned the funding for the Governor's Washington, D. C. Office asking why the Executive Office requested double the current appropriation (\$35,000 to \$80,000) in an area where prior funds were not spent. Marion Endicott replied that the Governor had decided to contract with individuals in the D. C. area for specific purposes at specific times rather than open the Washington office at this time. She stated that the appropriated amount was transferred to other areas of need such as telecommunications for their legal contract, that in effect

D.C. OFFICE

a large portion of the funds were spent but not for the Washington office. Mrs. Endicott stated that the need for the funds existed.

Chairman Croft referred to Efficiency Recommendation No. 1 (Restructure operations in the Office of the Governor) stating that an annual savings of \$914,000 had been anticipated, with a cost of \$12,000 to maintain, and it is his understanding that actually an additional \$110,000 has been spent. Leonard Lane stated that they had looked at the recommendation in terms of restructuring planning positions, support and overhead positions. He stated that the concept was good but in reality could not be done. He stated they had combined all planning agencies into one office under DPDP (Senate Bill 100). That they had hoped to have this completed by April, had thoroughly looked into the matter and found that in reality it does not work.

Mr. Lane stated they had attempted to reassign the Public Defender Agency to Health & Social Services, but legal problems had developed, they had tried to transfer Human Rights and Child Advocacy also but decided that in the case of these three agencies it was best to leave them where they presently are. He stated that the Public Defender and Human Rights Commission are in one building in Anchorage, that Equal Employment has moved into Administration, and Manpower has gone out to Community and Regional Affairs.

Chairman Croft asked where the savings showed up, and Mr. Lane replied it is right here in these recommendation forms. The EEO Office had a savings of \$3,500 for the fiscal year. The Energy Office \$41,140 because of the move to Commerce and Economic Development.

Chairman Croft stated that the recommendations not only claimed that savings, but stated that 35 positions could be deleted, and asked where these 35 positions are. Mr. Lane replied that they were primarily in planning. Chairman Croft asked how many positions had been deleted and Mr. Lane replied that to date none had been.

Chairman Croft stated that while the annual savings was purported to be \$1,000,000, the savings to date was less than \$50,000 and that actually more than that had been spent. Mr. Lane replied that \$76,000 worth of savings was already implemented and \$96,000 worth was in process for the fiscal year ending in June. Chairman Croft directed Mr. Lane to consult with Alison Farnan regarding discrepancy between legislative figures and Mr. Lane's.

RECOMMENDATION
NO. 1
RESTRUCTURING
GOV.'S OFFICE

TRANSFERS
PUB. DEFENDER
HUMAN RIGHTS
CHILD ADVOCACY
UNACCEPTABLE

EQUAL EMPLOY.
& MANPOWER
TRANSFERRED

EEO & ENERGY
SAVINGS

35 DELETED
POSITIONS

ANNUAL SAVINGS

Chairman Croft inquired into the proposal to limit the size of government operations and the laws passed in other states. Mr. Lane replied that this had been tried in New Jersey, Michigan and Florida, and that all three attempts had failed. Mr. Lane stated that basically that is what the legislature is going to have to do is pass a law that says they are limiting state government. Chairman Croft asked if the number of state employees per capita has increased, and Mr. Lane replied that he had only the percentage of employees and percentage and number of expenditures.

LIMIT SIZE
OF GOVERNMENT

Chairman Croft inquired concerning Efficiency Recommendation No. 3 (Transfer reporting responsibilities for nine statutory bodies from the Office of the Governor to more appropriate agencies) and the status of its implementation. Mr. Lane replied there are currently a series of bills introduced that move these agencies out (SB 100, HB 142). The Historical Commission is to move to Natural Resources for a \$54,000 savings. Commission on Arts (SB 100). Chairman Croft asked if there was a savings to be effected by moving the Arts Commission, and Mr. Lane replied there was not but he understood that this budget is now under consideration. He further stated that the Pioneer Advisory Board was moving to Health & Social Services; that the Commercial Entry Commission will move to the Department of Fish and Game. By transferring Commercial Entry to Fish & Game we would hope to save one commissioner's expenditure. The Athletic Commission could also effect a \$11,500 savings. Chairman Croft asked what the total savings would be from the above transfers and Mr. Lane replied approximately \$108,000. Chairman Croft asked where the \$108,000 could be documented in terms of FY 78. Marion Endicott replied that the savings would be effected at the time the positions were actually transferred.

RECOMMENDATION
NO. 3

Chairman Croft referred to Efficiency Recommendation No. 4, questioning the savings of \$38,000. Mr. Lane replied that they had a letter from Commissioner Harris on that recommendation, stating that he originally believed this should be under the Transportation Department.

RECOMMENDATION
NO. 4

Chairman Croft referred to Efficiency Recommendation No. 10, (Establish a management training course for commissioners, directors and deputies) inquiring as to status of implementation. Mr. Lane replied that they were putting together a budget amendment to the Department of Administration for such training. The training to include not only commissioners but also supervisors.

RECOMMENDATION
NO. 10

Chairman Croft then referred to Efficiency Recommendation No. 11, (Implement a statewide program to improve employee productivity) inquiring as to status. Mr. Lane replied that they have discussed the matter with three different consulting firms in other states and are presently taking a look at Washington. That Health & Social Services currently has a Federal grant to begin some base line surveys.

RECOMMENDATION
NO. 11

Chairman Croft questioned the status of Efficiency Recommendation No. 12, (Establish an advisory committee of state employees). Mr. Lane replied that legislation has been introduced (SB 120). Mr. Lane stated that legislation had already been introduced by Representative Phillips that would effect Efficiency Recommendation No. 13 (Consolidate the existing Alaska, Yukon and Pacific Time Zones).

RECOMMENDATION
NOS. 12 & 13

Chairman Croft inquired concerning the Governor's Contingency Fund stating that figures indicate that actual expenditures other than the \$500,000 for 1976, have never exceeded \$200,000; that the highest was \$180,000. Marion Endicott replied that the basis for increasing contingency was to lessen the need for a supplemental request. She stated that reported expenditures show only expenditures that have been allowed to remain in that account. She further stated they had transferred from wherever funds were available in the Governor's Office back in to bring the fund up to date. Chairman Croft asked that if the legislature prefers the supplemental, would it make any difference to the Governor's Office how the additional funds are obtained, and Mrs. Endicott replied, no.

CONTINGENCY
FUND

Chairman Croft then referred to the Division of Budget & Management and reviewed Efficiency Recommendations.

BUDGET
& MGMT.

No. 26 (Strengthen the budgetary process) Chairman Croft stated he understood this recommendation was partially implemented and that there has been an additional cost as a result of the implementation. Mr. Lane replied that the additional cost was planned on long before the agency study was done. Mr. Lind stated that Mr. Lane was correct, the Division would have requested the additional funds whether the study was done or not.

RECOMMENDATION
NO. 26

No. 27 (Improve procedures for establishing major program priorities.) Mr. Lane stated this recommendation had been implemented and the Division of Budget & Management in the Governor's Office was to establish these policies. Mr. Lind stated that this had partially been effected in that the Division had been transferred to the Governor's Office and was no longer connected with the Department of Administration although they continue to occupy the same physical space as before.

RECOMMENDATION
NO. 27

No. 28, (Improve procedures for processing agency program revisions.) Mr. Lind stated that they had created a position for a Technician I. This person will review internal agencies for better processing. The Division will be handling some of the work at lower levels which will free budget analysts. The Division plans to have this implemented by the end of the fiscal year.

RECOMMENDATION
NO. 28

No. 29, (Strengthen management analysis capabilities within the division.) Mr. Lind stated that they have one vacancy within the Division, have offered the position to two individuals and been turned down. He further stated that this is the least number of vacancies they have had in quite some time.

RECOMMENDATION
NO. 29

Referring to Zero Based Budgeting, Mr. Lind stated that the Division is currently in touch with a consulting firm which will be coming up to set up a pilot program.

ZERO BASED
BUDGETING

Chairman Croft stated that his figures for the Division of Budget and Management show a total expenditure of less than 40%. Marian Endicott replied that figure was probably correct due to the fact that they don't have a figure for printing the State budget, and that expenditure won't hit the books until later. Mr. Lind stated that if they could fill existing vacancies, it looks like they would be within \$5,000 of their request for personal services.

MID-YEAR
EXPENDITURES

Chairman Croft referred to RB 77-112 asking if the money for that was provided through vacancy and turn over, and Mr. Lind replied yes. Chairman Croft stated that he understood that both RP's were funded from the vacancy, and that this BRU has had a high vacancy. Mr. Lind replied, yes, that they had an extremely high vacancy.

VACANCY &
TURN OVER

Chairman Croft referred to the contractual area of the budget and Mr. Lind stated that the \$15,000 claimed and removed in 78 budget had resulted from additional staffing at API and the Pioneers' Homes which they would not be doing this year, they would await agency review before doing that. There was an unanticipated increase of \$10,000 for xerox costs which wasn't in the budget before, and they would have to pay approximately \$3,600 for a remote cable facility after their move.

CONTRACTUAL

Chairman Croft then directed his attention to the budget for the Executive Mansion. He stated that there had been a 58%

EXECUTIVE
MANSION

overall expenditure and a 30% increase resulting from temporary and part-time added positions, stating that this appeared to be quite a large increase.

Mr. Shaginaw entered the meeting at this time and was introduced by Mr. Lane as a representative of the Office of Telecommunications. Chairman Croft asked Mr. Shaginaw if there was going to be a supplemental request for his Office. Mr. Shaginaw replied that of the \$60,000 needed, they would be expending \$30,000, the rest to come out of the Governor's contingency fund. Marion Endicott corrected his statement in that the \$30,000 additional funding would be coming from the Governor's fund for the Washington office. Chairman Croft restated his understanding that the Office of Telecommunications would be spending an additional \$60,000 this year. Mr. Shaginaw replied, yes, they were able to do some revision through Federal funds through the Department of Education.

OFFICE
OF
TELECOMMUNICATIONS

Chairman Croft asked if the document for satellite communication has been published, and Mr. Shaginaw replied it had been published.

Chairman Croft stated that his figures to date show an expenditure of less than 40% through December, FY 77. Mr. Shaginaw replied that figures through January 31, show 52% expended. Marion Endicott added that a large amount of the Office's funds are encumbered. Chairman Croft stated that his figures for other areas, personal services, travel, (other than equipment) show less than 40% expended. Mr. Shaginaw stated that they have a number of special programs going in the office. That there is a higher expenditure in some categories and cross-over of many programs. He also stated that one of their positions had been vacant all year and eliminated from FY 78. Chairman Croft asked if this was the \$34,000 salary of the information officer, and Marion Endicott replied, yes.

MID-YEAR
EXPENDITURE

Chairman Croft inquired concerning Efficiency Recommendation No. 17, Reorganize the state's telecommunications function, and the status of implementation. Mr. Shaginaw replied that this recommendation was unacceptable. Mr. Lane stated that the administration needed to sit down and really decide what position we want the telecommunications office to play in the state. That decision has to be made before we can decide on policy.

RECOMMENDATION
NO. 17

Senator Sackett stated it was his understanding that there would be no direct savings as a result of implementing the efficiency recommendation that in fact the Office would require additional personnel to help carry out the telecommunications function.

Chairman Croft stated he understood that efficiency suggestions and policy changes were to be carried out after the legislature has adjourned, and asked Mr. Lane and Mr. Shaginaw if his understanding was correct. Mr. Shaginaw replied that Telecommunications wanted to wait to see how they were going to be affected on the national level and a determination of what position the administration wants them to hold within the State.

Chairman Croft asked if there would be any type of implementation of recommendation no. 17 in this fiscal year. Mr. Lane replied that he didn't think they were going to do anything before June 30. Chairman Croft asked Mr. Lane if they would be making those decisions after the legislature adjourns and Mr. Lane replied that the legislative committee on telecommunications would participate in any decisions which might be made. Mr. Shaginaw stated they would approach the recommendation cautiously with members of the committee. He further stated that he felt the reorganization was pertaining to function rather than policy. Mr. Lane stated that whatever is going to be done will be done in the fall when the legislature is not in session, but decisions made then would be reflected in the budget which would require legislative approval next year.

Chairman Croft then turned his attention to the Public Offices Commission asking why an attorney was not placed in the Commission rather than the Department of Law. Mrs. Green replied that the Commission wanted a hearing officer in addition to the legal representative. The Department of Law does not provide hearing officers. Mrs. Green stated that the legal services budget for the Commission is within the Department of Law, and when asked by Chairman Croft why the Commission was handled differently than other departments, Mrs. Green stated that the Commission had the feeling they had been ignored by the Attorney General's Office.

PUBLIC OFFICES
COMMISSION

Chairman Croft stated that in 1976 the Commission had a \$73,000 lapse out of a \$221,000 appropriation. Mrs. Endicott replied that the Commission had requested that positions relating to setting up field offices in the districts be deleted. The Commission had found it more economical to accomplish this work through contracts with the municipalities. As a result of the municipal contracts, the funds for the field offices lapsed.

LAPSE

Chairman Croft questioned the increase in contractual services to \$110,000 for this year, and Mrs. Green replied that the increase was due to increased requirements of the lobbying law.

CONTRACTUAL
INCREASE

Chairman Croft stated that his figures for the Public Offices Commission indicated a 43% expenditure through the end of December. Mrs. Endicott replied that that percentage was correct and restated that the reason for the lapse was contractual work with municipalities and the budget increases resulted largely from the need for an attorney and hearing officer and the regulation of lobbying.

**MID-YEAR
EXPENDITURE**

Chairman Croft referred to the Efficiency and Management study, specifically the recommendations pertaining to the Governor's Office and the \$900,000 estimated savings through restructuring and asked if it was likely any of this savings would materialize in 78. Mr. Lane replied that to date there hasn't been a reduction of planning function and overall positions. Kent Dawson stated that they were attempting to keep planning functions centralized but it just wasn't working, their visit to Olympia had demonstrated that it wouldn't. Chairman Croft then stated that it was his understanding that through attempted revisions and transferring of positions in and out of the Governor's Office what the recommendations netted in the end in terms of savings for this office was zero. Kent Dawson replied that they had done an agency study and expected the budget to be smaller next year. Chairman Croft stated that he realized this was true but, on the other hand, they had not expected the budget to be larger; that if the expectation in terms of savings has not been realized, he felt it should be addressed in those terms. Mr. Lane replied that even if you have a savings and cut the budget, sometimes the money is dumped back in the budget for something else, and Mr. Dawson added that sometimes a savings is hard to find in a budget situation. Chairman Croft again referred to Recommendation No. 1 and asked what specific positions could be eliminated, and what the savings and cost avoidance would be. Mr. Lane replied that the Governor's Office is not going along with the guidelines established by the Efficiency report. The Governor's Office did a separate study; the Governor looked at both studies, and decided the interagency study was the best alternative.

**RECOMMENDATION
NO. 1**

Chairman Croft stated that it was his understanding that this anticipated savings carried over into a \$60,000,000 annual savings. Mr. Lane stated that he had said the State could get \$60,000,000 if everything within the Efficiency Study is implemented. He further stated that sometimes restructuring does not carry out the program. Chairman Croft stated he understood that the Efficiency Review was not to evaluate policies and Mr. Lane

**ANNUAL
SAVINGS**

replied this was correct, but sometimes restructuring makes major policy changes. Chairman Croft then restated his understanding that the overall recommendations in the Governor's Office and their resultant savings will not occur; that recommendations 26 through 31 pertaining to the Division of Budget and Management have been implemented or are being implemented, but there hasn't been any savings to date. Mr. Lane replied that this understanding is correct.

The meeting adjourned at 5:00 p.m.

ADJOURN

SENATE FINANCE
GENERAL GOVERNMENT SUBCOMMITTEE
March 1, 1977
2:15 p.m.

Chairman Croft called the meeting to order at 2:15 p.m. Committee members in attendance: Croft and Meland. Also in attendance: Alison Farnan, Fiscal Analyst; and the following individuals from the Division of Data Processing: George F. Crowder, Director; Michael Wheeler, Deputy Director; and Gary Motley, Manager, Operations. Also present were Leonard Lane, Director, Management and Efficiency Review and Janet Green, Budget Analyst, Budget and Management.

PRESENT

Chairman Croft stated that the purpose of this meeting was to review the Division of Data Processing budget and stated that they following areas would be discussed: Revised Programs; Management and Efficiency study recommendations; Audits conducted; legislative intent in FY 77 budget, if any; budget experience through December 1976; and, lapses in FY 76 budget. Chairman Croft stated that after reviewing the budget the subcommittee members would go to the Data Processing offices to see what is there.

DATA
PROCESSING
BUDGET
REVIEW

Mr. George Crowder, Director, Data Processing, stated that the Management and Efficiency Study would be a good starting point and that many of the Management and Efficiency recommendations were good ones that the Division intends to fulfill. Mr. Crowder stated they are trying to reorganize Data Processing to fill the needs of the State as a Statewide organization rather than a departmental organization. He advised that the Division is currently analyzing what the total requirements for data processing are statewide, what the need in the future will be, and the desires of most State agencies in the next five years are.

MANAGEMENT
& EFFICIENCY
STUDY

Mr. Crowder advised that the Division is hiring a State EDP Coordinator. His title will be changed to Manager, Consulting Services and it will be his responsibility to respond to the needs of State agencies. Mr. Crowder stated they are trying to gather a Statewide base of data, which hopefully will include everything from the Legislative Affairs Agency to the University of Alaska. He stated there is currently a duplication of effort in gathering information and the Division is trying to take a leadership role which all the other Departments will follow.

Chairman Croft asked if he was talking about Management and Efficiency Recommendation #51 (Establish a consolidated state data processing function) and Mr. Crowder said that he was. Mr. Crowder stated the Division is in the process of evaluating legislation they will provide to the legislature. It does not appear that this legislation will be introduced this Session.

Chairman Croft asked if the Division agreed with the potential savings indicated in the Management and Efficiency Study. Mr. Crowder stated that with some qualifications he thinks they are fair assumptions. He stated the Study savings are based on the improvement of productivity of current personnel. He stated that most of the savings will be in hidden costs and that they are more of a future cost avoidance factor than actual savings.

Chairman Croft stated that about one-seventh of the Division's services to all agencies goes to the Department of Administration. Mr. Crowder stated this is because they handle the payroll. Janet Green, Budget Analyst, Division of Budget and Management stated that payroll, etc. serve every agency of the State -- not just the Department of Administration. She advised that what is in budget component 02 is specific programs that are written for a specific agency. What is in budget component 01 is every State agency's payroll, warrant payments, vendor payments, etc. It is the central service for all agencies of State.

Management and Efficiency Recommendation #51 was further discussed.

Chairman Croft stated that it is his understanding that Recommendation #52 (Develop an improved job accounting system) will cost approximately \$10,000 instead of \$15,000. Mr. Wheeler stated that this is correct. He advised that the Division is currently leasing the system prior to purchasing it to be sure that they are getting what they want.

Chairman Croft asked if Recommendation #53 (Establish a chargeback system for data processing services) has been completed. Mr. Wheeler said this recommendation is in progress. The internal auditor is working to survey actual costs. Mr. Crowder stated they have a target date of having a full charge back system by 1979. However, they are also planning a major upgrade for 1979 so it may not be completed by then. Federal programs will be on a charge back system by 1979 and they should have a full charge back system by 1980.

Chairman Croft asked what is being done with Recommendation #54 (Set productivity standards for keypunch operators). Mr. Wheeler advised this has been completed through contract. Mr. Wheeler advised that they have realized a \$100 thousand saving by going contractual. He stated the savings is actually more than that, however, their workload has risen by more than 14% so any additional savings have been taken up by the additional volume.

Mr. Wheeler stated that in FY 77 the legislature deleted 19 key punch operator positions. The Division froze an additional 11 key punch operator positions. The work of these 30 positions is being done through contract.

Recommendation #55 (Add a programmer librarian to the Systems Maintenance Section) was discussed. Mr. Wheeler stated they were going to do this; however, the position has not been filled yet. The position will show up in the 78 budget.

Recommendation #56 (Identify long-range state data processing needs) was discussed. Mr. Wheeler advised the necessary legislation couldn't be provided this year. Mrs. Farnan requested figures as to the cost of new positions related to this. Mr. Crowder advised that positions added would not be for this section only -- the positions will be in consumer service section but they will be doing additional things besides planning. The actual manpower required to implement #56 will have to be an estimate. They will provide the figures to Mrs. Farnan.

Mrs. Farnan asked if this recommendation would have been implemented even without the Management and Efficiency Study. Mr. Wheeler said it would have. Mr. Lane said that many of the Management and Efficiency Study recommendations were based on discussions with Department heads on what they were contemplating doing. Many recommendations may have been implemented between the time they talked with the Departments and when the Study was published.

Chairman Croft asked about Recommendation #57 (organize a statewide EDP information exchange group). Mr. Crowder stated this has already been implemented.

Mr. Crowder stated that Recommendation #58 (Assign responsibility for developing, updating and publishing a data processing plan to a new position in the Department of Administration) was unacceptable.

Recommendation #59 (Expand and enforce data processing standards) was discussed. Mr. Crowder stated they have organized a statewide group of the best programmers from all the agencies. He stated there are existing standards but he does not feel they work. The new system has only been in existence for one month. After the system has been in progress for awhile they will be in a position to analyze it. There is some improvement, but no savings, due to this recommendation.

Recommendation #60 (Increase the emphasis on training and developing the technical staff) was discussed. Chairman Croft stated it is his understanding that there is a training coordinator in the 78 budget with a total cost of \$35 thousand. Mr. Crowder stated this is correct.

Recommendation #61 (Increase the use of computer output microfilm for report preparation) was discussed. Mr. Wheeler stated this has been implemented to the extent that there is manpower to do this. They are saving about \$60,000 annually. Mr. Crowder stated the EDP coordinator is conducting a study on the need for a statewide center.

Recommendation #62 (Require state agencies and departments to maintain source programs on the computer) is complete and they have no budget recommendations.

Recommendation #63 (Increase the use of program packages) has been completed. Chairman Croft asked if they could document savings. Mr. Wheeler stated it would be very hard. In future budgets this would show up under personal services. Mr. Crowder stated this is going to be cost avoidance rather than savings.

Recommendation #64 (Publish a statewide directory of data processing systems) was discussed. Mr. Crowder stated this is being done through their survey and they plan to publish it by August.

Recommendation #65 (Improve computer facilities) was discussed. The \$5,000 cost would be to conduct the study to see what should be improved.

The legislative audit conducted in 1974 was discussed. Chairman Croft stated it does not differ significantly from what the Division has indicated their goals are and what the Management and Efficiency Study has recommended.

LEGISLATIVE
AUDIT

Mrs. Farnan stated the only Budget Amendment she has received is one to change inter-agency receipts to general fund.

BUDGET
AMENDMENT

Services to Administration and Services to Operating Agencies:

Chairman Croft stated that the number of full time employees had been decreased from 30 to 20 and a number of temporaries had been eliminated. He asked why there was a 4% increase overall when the number of employees was decreased by one-third. Mr. Wheeler stated \$63,000 was to be charged back to retirement. Discussion on amount to be charged back. Ms. Green stated this appears in budget as inter-agency receipts. Chairman Croft asked for further information on the 4% increase. Mr. Wheeler stated the decrease in personal services was transferred to contractual services. Mr. Wheeler stated the positions deleted were Grade 9 positions, where the new positions requested are Grade 17.

BUDGET
COMPONENT
REVIEW

Chairman Croft questioned the frozen positions and expenditure of 43% through December. Mr. Wheeler stated there are four frozen positions in budget component 01 and seven in 02 that will not be filled. The money for these positions was funded into contractual data entry. Data Processing requested the positions be frozen in case the private contractor went out of business or something, so positions could be used if there was such an emergency. The positions have been frozen since October, but have not been filled since last February.

Further discussion on frozen positions and contractual services. Chairman Croft asked who the contractor was and Mr. Crowder advised it is Wolfe and Associates. Mrs. Farnan asked if funds for frozen positions were in personal services and Mr. Wheeler stated they were in contractual. Mrs. Farnan then asked if

frozen positions were to be reclassified would then need to fund the positions and Mr. Wheeler answered yes. Mr. Wheeler stated that by freezing the positions they still retain the PCN numbers but they have no funds budgeted for the positions.

Chairman Croft asked why Commodities expenditures through December were less than 40%. Mr. Wheeler stated that it is because of the way their ordering cycle functions. 95% of funds have actually been encumbered.

Mrs. Farnan asked if they anticipated making any supplemental requests in FY 77 because of insufficient funds. Mr. Motley stated they may be generating more inter-agency funds than what was requested in the budget because of an increase in production.

Administration and support: Chairman Croft stated that expenditures through December were 47% and asked why. Mr. Crowder stated that surplus will be taken up with expenditures in the second half of the year. He stated there was some vacancy at the beginning of the year.

Chairman Croft asked what the increase in travel was due to and Ms. Green said it was for IBM training and \$3,000 for recruitment. Chairman Croft asked what the increase in contractual was. Ms. Green stated it was relocation cost for new employees. Mr. Wheeler stated it was hard to find qualified people in Alaska. Chairman Croft questioned line 15, page 75 (full-time) and Mr. Crowder gave him a memo that would answer his questions.

Telecommunication Network: Chairman Croft stated expenditures through December were over 60% and asked why. Mr. Wheeler stated this is because they made an annual payment on a computer at the beginning of the year.

Consultant Services: Chairman Croft asked why this is a separate BRU and Ms. Green said this was done at the request of Budget and Management. It does not make any difference to the Department.

Mr. Lane commented on the Management and Efficiency Review Study as it relates to Data Processing.

The meeting adjourned at 3:35 p.m.

ADJOURN

Tape #SF-9 2291 to end
Tape #SF-10 1 to 1611

SENATE FINANCE
GENERAL GOVERNMENT SUBCOMMITTEE

March 3, 1977
1:40 p.m.

Chairman Croft convened the meeting at 1:40 p.m. Committee members in attendance: Croft and Meland. Also in attendance: Alison Farnan, Fiscal Analyst; Janet Green, Budget and Management; Tom Williams, Diana Heddell and Clyde Benson, Petroleum Revenues, Department of Revenue; and Gary Jenkins, Director, Audit, Department of Revenue.

PRESENT

Petroleum Revenue Division: Mr. Williams gave a brief overview of the Division. He stated that they have three main areas of activity: (1) revenue directly related to well-head reserves; (2) advalorem tax; and (3) special two year tax. In terms of importance the reserves has been, and will continue to be, the most important of the three.

PETROLEUM
REVENUE
DIVISION

The Division plans to automate to accommodate their new system once it is set up. However, the material is currently before the Legislature and they cannot begin until they know which structure the Legislature will approve.

In the summer the Division will be contracting with a Rig appraiser from Texas who will inspect all the rigs in the State.

Mr. Williams stated the Division will be inspecting the pipeline before it comes on stream and then will inspect it again six to eight weeks later. Their appraisal method is going to change once the pipeline becomes operational.

Chairman Croft asked if Management and Efficiency recommendation #112 (Establish penalty for nonpayment of oil and gas production taxes) had been implemented. Mr. Williams stated it had been implemented about the time the report came out.

Management and Efficiency Recommendation #115 (Include delinquent return filing in statutes governing late tax payments). Mr. Williams stated that legislation had not been introduced. He stated that the problem was not with late tax payments but with finding out whether or not the property fits in with the definition of the tax.

Mr. Williams stated that Recommendation #113 (Revise procedures for processing tax returns) has been implemented. They are in the process of conducting a \$25,000 study. A recommendation has been made and they are waiting to go ahead after finding out what the structuring will be.

Recommendation #114 (Formalize agreement with Natural Resources related to production data) was discussed. Mr. Williams stated there has been an extension because Natural Resources is still reorganizing their positions.

Chairman Croft asked if the first recommendation of the April 25, 1975 Audit had been complied with. Mr. Williams stated they had changed their procedure. Chairman Croft asked about the Attorney General's recommendation and Mr. Williams stated there is a meter that measures condensity.

Chairman Croft asked if the litigation had been settled for Cook Inlet. Mr. Williams stated a settlement had been made and there is no longer a controversy. Chairman Croft asked about the audit pending by the Department of Interior and Mr. Williams responded that this is the subject of litigation and is in the Attorney General's Office.

Chairman Croft stated that total expenditures for the Division in FY 76 were \$538,000 and asked why there was a lapse, particularly in light of the substantial increase the Division is requesting this year. Mr. Williams stated that most of the lapse comes from Contractual and Personal Services. He stated this is a continual problem in that it is difficult to find qualified persons to fill positions.

Chairman Croft asked if they had considered reclassifying the engineer position in order to fill it and Mr. Williams said he did not know, but that the position has been filled now. Chairman Croft asked if there was anything to indicate that the vacant positions would be filled and Mr. Williams stated he could not guarantee they would be filled. Chairman Croft stated that expenditures for personal services through the end of December were only 41% of the authorized amount and Mr. Williams stated that, again, it was due to vacancy.

Chairman Croft asked about contractual expenditures and Mr. Williams stated that most of their contractual work is done after January 15th.

Chairman Croft asked why they are requesting a 30% increase when they will no longer have the workload of administering the reserve tax that they had in FY 76. Mr. Williams stated that one of the reasons is that there has been a 25% increase in contractual costs. He also stated that in FY 76 the tax was just beginning, now they have the biggest construction job nearly completed; in addition they have OCS and Native land. Mr. Benson stated that the first time they went to Prudhoe Bay it took them 4 days to look at everything, this time they anticipate it will take about 3 weeks. Chairman Croft asked if they couldn't use some of the information developed by the Pipeline Commission. Mr. Williams stated that they couldn't because the two entities start from different ends. Chairman Croft asked if there wasn't some information that was common to both entities and Mr. Williams stated there was some exchange of raw information, but the Division was limited to what they could reveal because of the confidentiality statute.

Chairman Croft stated that \$404,000 had been appropriated for Contractual and asked what was expended in last four months. Mr. Williams stated they had not yet received the contractual bill but he does not think any of the funds will lapse.

Mr. Williams stated that the Division's record on lapses has not been good in the past. They have been changing and growing so rapidly in the past few years that it has been difficult to get accurate projections. He stated that with the amount of work left to be done this year, he does not think there will be any lapses at all. Chairman Croft stated there will be some in personal services and Mr. Williams concurred.

Chairman Croft requested Mr. Williams to provide him with information on what the Division's estimated expenditures will be.

Audit Division: Mr. Gary Jenkins, Director of the Audit Division, gave a brief overview of the Division. His Division is responsible for all taxes the State enforces outside of the Petroleum and Revenue areas.

AUDIT
DIVISION

In doing an analysis of the Division's costs, Mr. Jenkins determined that they receive \$10 return for every dollar of base salary cost. Mr. Jenkins stated that the major thrust of the Division in the past few years has been the corporate income tax. In some areas they have been able to do no auditing because they do not have the staff to do it.

Mr. Jenkins stated the Division is requesting five or six additional positions to take care of the workload problem they have annually. Their busiest time is January through May and they are requesting several seasonal clerical-type positions to alleviate that problem.

Chairman Croft stated the Division had 64 positions and seven part time; yet this year their request is for 63 full time and no part time or temporary and asked why. Mr. Jenkins stated that they determined that the work they were doing in processing returns was really not an audit function so those positions were transferred to Administrative Services. Now they are requesting three positions to work in withholding excise and business return area.

Chairman Croft asked why they have three positions in the corporate income tax section and three in the income tax section. Mr. Jenkins stated they have been beefing up their field offices at the expense of the office audit.

Mr. Jenkins stated they have not had a Revenue Auditor in the last three years. The number of returns has increased substantially in that time -- there has been an increase of 34% in the last four years.

Chairman Croft asked if they projected Revenue would be about 15% higher. Mr. Jenkins stated that most revenue has already come in. What this means is that most pipeline people are not leaving the State once their jobs are completed.

Chairman Croft asked if they anticipate revenue being up in FY 78. Mr. Jenkins stated they did not think Revenue would be up, but that more people would be filing returns.

Chairman Croft asked if the number of corporate returns would be increased and what the projections are for 1978. Mr. Jenkins stated there would be a substantial increase in returns but that he did not have the projection figure.

Mr. Jenkins stated that instead of adding field auditors they are adding a revenue auditor and they are going into a process of audit selection in order to audit the best candidates. Right now they are not able to do it.

Chairman Croft asked the expenses were through December for personnel. Mr. Jenkins stated that through February 22nd, \$765,449 was expended.

Chairman Croft asked if there was a problem with vacancy. Mr. Jenkins stated there vacancy has been in a new area approved last year in the intelligence area. He stated there is a problem of recruiting in this very specialized field. However, they just hired an individual who will be coming on board in April.

Chairman Croft asked about Management and Efficiency Study recommendation #105 (increase staff of Audit Division). They requested an increase of staff for a total of 26 persons (recommendations #105 and #111). Mrs. Farnan stated that none of these positions were in the budget for next year. Mr. Jenkins stated that three positions he recommended were in recommendation #111 and they were cut out by the BRC.

Management and Efficiency recommendation #106 (Develop an improved interface with the Budget Review Committee) was discussed. Mr. Jenkins stated the Commissioner is still on the Budget Review Committee so the recommendation is not applicable.

Recommendation #107 (prepare detailed short-term and long-range plans) was discussed. Mr. Jenkins stated they are establishing plans.

Recommendation #108 (Improve performance objectives throughout the Division of Audit) was discussed. Mr. Jenkins stated the concept of this recommendation was to go in and develop performance levels. The Division agrees with this recommendation but does not now have the staff or time to do it; they are working on it as time allows. Mr. Jenkins stated he did not see how five positions could be deleted; if performance levels were improved they would just be able to audit more returns which should be audited anyway.

Recommendation #109 (Develop annual public relations objectives) was discussed. Mr. Jenkins stated that the concern was that they needed more public relations so the decision was made by the Commissioner's Office to have a coordinated departmental effort. They have hired a person and he is working with all areas of the Department on this.

Recommendation #110 (Establish ratios for production vs. supervisory man-hours) was discussed. Mr. Jenkins stated the purpose of this recommendation was more a definition of time than anything else. He said the Division's ratio is 23.68 to 1 of work hours to supervisory hours. Mr. Jenkins stated they are working on a concept for a fully automated report time system.

Chairman Croft requested a copy of their report on Recommendation #110 and Mr. Jenkins stated he would provide it.

Chairman Croft asked if an audit had been prepared on the Division and Mr. Jenkins stated a performance type audit is being done right now.

Recommendation #111 (Audit certain major taxes on a selective basis) was discussed. Mr. Jenkins stated that this is the area where his three requested positions were deleted by the Budget Review Commission. This is the area where they are not staffed to do any work in.

Senator Meland asked who prepared the Management and Efficiency Recommendations for this Division and Mr. Jenkins stated it was a CPA from Price-Waterhouse.

Chairman Croft stated that as he sees it none of the Management and Efficiency Study's recommendations concerning increased staff had been implemented, so there is no increased cost or any increase in annual income. Mr. Jenkins stated that Recommendation #109 had been implemented so there was an increase in cost there.

Mr. Jenkins stated he feels that positions in the report were justified; they have been requesting them for years.

Chairman Croft stated it is his understanding that the positions authorized were not what the Management and Efficiency Study recommended but were just support positions for existing positions. Chairman Croft stated there were four positions authorized and Mr. Jenkins stated that was correct, but they were just maintenance positions and not in the Management and Efficiency Study.

The meeting adjourned at 3:00 p.m.

ADJOURN

SENATE FINANCE
GENERAL GOVERNMENT SUBCOMMITTEE
March 4, 1977

Chairman Croft convened the meeting at 9:00 a.m. Present were Senator Meland; Jay Hogans and Alison Farnan from the Division of Legislative Finance; Janet Green, Marion Endicott, and Leonard Lane from the Governor's Office; Kenneth Showalter from the Governor's Management and Efficiency Review Committee; Garrey Peska, Legislative Auditor; Elaine Mitchell of the Press; and Susan Fowler.

PRESENT

Chairman Croft stated that the purpose of the meeting was to review recommendations contained in the Governor's Management and Efficiency Review pertaining to the General Government category.

PURPOSE

Chairman Croft stated that one of the largest savings pertains to the University of Alaska in the amount of 2.25 million dollars. He asked if this savings wasn't a result of legislative action since it was effected last year by the legislature and would have occurred before the Efficiency study was completed. He asked Mr. Lane if there was really going to be a savings at the University. Mr. Lane replied that he was not sure what the outcome at the University would be. He stated that the University was aware of a number of the recommendations contained in the study and had implemented some of them before the study was completed in January. In the case of the University's intention to abolish tuition, Chairman Croft's understanding was correct in that the legislature and the Governor would not allow them to do this, but the recommendation remained in the study even though it had already been effected.

**UNIVERSITY
SAVINGS?**

Chairman Croft referred to the Department of Administration and the administrative savings of \$3,293,000, asking if this savings reflected the withholding of merit increases. Mr. Lane replied that it did not, that the savings pertained to overtime, and that none of the merit increase savings would be claimed until next year.

**ADMINISTRATION
SAVINGS?**

Chairman Croft then referred to Recommendation No. 1 pertaining to restructuring of operations in the Governor's Office. Mr. Lane stated he would clarify that recommendation and make understanding of the study a bit easier. He stated that Recommendation No. 1 referred to basically a restructuring of the entire Governor's Office and that at the time of the study

**RECOMMENDATION
No. 1**

35 positions were included in the executive budget. The restructuring proposed an additional 7 employees be added for an increase of \$50,000 in the executive office only. To the 35 positions have been added seven people for a total of 42 positions. The actual count now is basically 36. We have a total of 40 in the new organization which is 5 more than was there when the agency looked at the Office, and 2 less than the study recommended. He further stated that they had "beefed-up" legislative relations by adding 2 legislative aids. They were "beefing-up" press relations and have added a press assistant to handle that, plus one support person from the pool. Marion Endicott stated that these additions were not reflected in the 78 budget. Mr. Lane stated that with the above additions in the areas noted, and the fact that these areas are headed by executive assistants reporting directly to the Governor, the Office has implemented recommendations in accordance with the study.

Mr. Lane then referred to the Division of Policy Development and Planning stating that the following action has been taken with regard to recommendations for that Division. The Division should be a true analysis shop. The Division currently has 28 positions and the figure should come down to 20 (15 positions in development). Nine positions are Coastal Zone Management under Federal funding. Three positions relate to the Growth Council. Coastal Zone Management has been transferred to DPDP. The number of present positions in General Government is 15. The Efficiency Study recommended that the planning organization have 20 people. We are coming in with one less and a completely new function.

DIVISION OF
POLICY
DEVELOPMENT
AND PLANNING

Mr. Lane stated that there are 32 positions in Manpower, all Federal money. Manpower has been transferred back to Community and Regional Affairs.

MANPOWER

Criminal Justice Planning had 10 positions, now has 16 by revised program. It was recommended this Division be transferred to the Dept. of Law with no savings. Mr. Lane stated that people who are writing grants give the money to the Department they are under. Criminal Justice will continue 16 positions for a period of three years. The 9 Coastal Zone Management positions should be going out to the Department in 1979. Thirty-two CETA positions were all transferred from the Office of the Governor.

CRIMINAL
JUSTICE

Chairman Croft stated it was his understanding that there hasn't been any reduction in State positions so far. Mr. Lane replied that there should be some cuts made in the Criminal Justice area

REDUCTION
& LEAA

but these cuts are almost impossible to effect due to the grants being tied to people. The number of people in the Department determines the amount of Federal funding and unfortunately we have no control over the grants. He further stated they would reduce the people if the program should change or the level of activity is reduced. There will be no reduction unless LEAA money is reduced. LEAA specifies that the agency has to keep the department at a certain standard, and there is some general fund money in that program. So, we have transferred out 32, and the Efficiency Study made no distinction between State and Federal groups.

Mr. Lane then referred to the Lieutenant Governor's Office, Public Offices Commission, International Fisheries and External Affairs, stating that there are 13 authorized positions in the Public Offices Commission, and 17 authorized positions in elections. The Study recommended combining both agencies under total of 12 positions, for a reduction of 18 positions. Mr. Lane stated that when you look at the budget, POC has 5 full time positions; 11 full time positions are in elections, plus 6 part time. It is not wise to combine POC and Elections and we have decided to keep as two separate agencies. The Study had an overcount in elections of 7 positions. We have deleted these in this fiscal year's budget.

POC &
ELECTIONS

Senator Croft asked why contractual services have doubled in POC. Mrs. Endicott replied that these contractual funds will be spent this year because the Office has determined it is easier for the municipalities to perform the necessary work than to place 10 full time people in offices throughout the State. Chairman Croft stated that according to fiscal 76 figures, personal services for POC have doubled and contractual services have tripled. Mrs. Endicott replied that they have 3 new laws, passed only last year, with which they must now comply.

POC
CONTRACTUAL

Senator Croft stated that he understood from previous discussion that the Efficiency Study overestimated the number of people by 7, and that is why the count is off. Mr. Lane replied that the POC has 8 positions. Chairman Croft stated he was referring to the 35 positions that the study recommended be eliminated. Mr. Lane stated that the study also recommended an increase of 7, and Chairman Croft stated that in effect that results in a recommended decrease of 28. Mrs. Endicott stated that the elimination of the 35 positions should not be applied to only General Government and the Office of the Governor. Chairman Croft then stated that his understanding was that the study recommended the elimination of 35 positions; that from that number he had been told that 8 of those were a miscount by the

RECOMMENDATION
OVERCOUNT

Study pertaining to POC, leaving a total of 27 possible positions. He now understands that none will be eliminated, some because of Federal funding. Mrs. Endicott replied that the positions would be eliminated but not from the General Government category. Chairman Croft asked if she meant that they would be eliminated from the Governor's Office but not from the State. Mrs. Endicott replied that this understanding was correct.

Chairman Croft then asked if some of the positions had been eliminated from the State and Mr. Lane replied, yes, some have in CETA because of a reduction in Federal funding. Chairman Croft asked if the eliminated positions would show up in the FY 78 budget and Mr. Lane replied that those relating to General Government would.

CETA POSITIONS
ELIMINATED

Mr. Peska stated that the State is losing approximately \$8,000,000 by not collecting on grants and lapsing the money back into the general fund. He cited the case of an agency which hires a secretary to work on a specific project where the agency has no position available, but the secretary has to be paid for her work. He stated that a study of government programs throughout the State indicated that what is needed in the Governor's clearing house is proper supervision to insure that when a grant comes to the State the grant costs get taken off the top. Mrs. Endicott said they were trying to attack the problem but needed clarification; that DPDP has a program for this and a coordinator. Mr. Peska stated that he felt this should be a top priority item; that the Governor's clearing house has not been catching it. Mrs. Endicott replied that there is a new person in the position who has only been with the department for six months, and Mr. Peska again stated that he didn't believe it was that difficult, that there was enough money involved to warrant getting the necessary assistance to the person responsible for this. Chairman Croft stated that he believed Dr. LeResche would be returning to town this date, and he would make a note to contact him regarding clarification of the matter.

GRANT COSTS

Chairman Croft asked if there was anything further on Recommendation No. 1, and Mr. Lane replied basically no, but stated that they did have organizational charts and organizational guidelines, and that restructuring has been along the lines discussed above.

Chairman Croft asked how the above restructuring could be transmitted into dollars and stated that his understanding of Mr. Lane's analysis of the recommendation is that the total budget savings is about \$163,000; and that there appeared to be

RESTRUCTURING
INTO \$

a substantial misunderstanding as to the amount of the savings. The savings is really 1/10 of what the study recommended. With regard to the summary Mr. Lane prepared, the indication is that Recommendation No. 1 effects a \$76,000 savings which is in process. Mr. Lane replied that the above is correct, but there is also some increased spending in DPDP included in Recommendation No. 1; but discounting the POC savings, there is basically the increased cost in terms of the Washington office.

Mr. Lane further stated that there are currently 26 positions in Child Advocacy, 2 positions transferring to Health & Social Services. The Historical Commission and Arts Council consists of 7 people (really 9). Recommendation for reduction of 2 people. There has been no reduction so far. The historical Commission is moving over to the Dept. of Natural Resources and 1 position will be deleted. Child Advocacy will also be transferred out but with no reduction. Janet Green stated that the savings is the difference between a director's position and a lower position. There are two full time and 2 part time positions for a total of 3. The study mentioned only 2. We are going to give you a budget amendment knocking this down to 2. There are 6 positions on the Arts Council. We are hoping there can be some savings in the following fiscal year. The Tokyo office is also to be transferred with the \$110,000 in tact. We originally anticipated \$120,000 in savings, but can probably extend that figure at the end of the fiscal year. Senator Croft stated that with regard to the \$120,000, he could not locate any annual savings to the Athletic Commission. Mr. Lane replied that he could expect to get a budget amendment. Chairman Croft restated his understanding that the Athletic Commission has a budget of \$12,300 for 78 and to that amount should be added the \$54,000 for the Historical Commission. He inquired as to whether there would be any savings in the Natural Resource budget. Mr. Lane replied that none of the above would show up in the General Government area, and they may not show up until the transfers take place. These areas may just end up having greater lapses next year.

CHILD ADVOCACY
HISTORICAL COMM.
ARTS COUNCIL

Chairman Croft asked Mr. Lane if from the above he meant that at this time there is no 7 position reduction. Mr. Lane replied that they now have 1 reduction and anticipate that there may be 7 more. Chairman Croft asked if only the 1 position would be evident in the FY 78 budget. Marion Endicott replied that until the legislation is approved, the deletion cannot be reflected in the budget. Chairman Croft then stated that he understood that when the legislation is approved it will be reflected in the budget and Mr. Lane replied, yes.

REDUCTION
OF POSITIONS

The meeting recessed at 10:00 a.m. for roll call at the Senate Floor Session, and reconvened at 10:30 a.m. Representative Chatterton entered the meeting at this time.

RECESS &
RECONVENE