

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2781

for a variety of reasons; the main one being, he feels, if the Legislature goes to program budgeting, they tend to lose the focus of the programs. He used the program for the Aged as an example. He pointed out Budget & Management can organize the budget books in any way the Legislature prefers. He mentioned there are unfortunate areas, such as Department of Transportation & Public Facilities and NRMEC referred to by Representatives Freeman and Haugen, but that many programs fall entirely within one Agency. He explained the Agency prepares policy budget books, of which there are about 40, and how Budget & Management uses these rather than the unwieldy detailed budget books.

Representative Rogers asked how Budget & Management feels about bringing the Agency into line with the program; i.e., Department of Development, Department of NRMEC, etc., similar to 1972's HB 676. Mr. Lehr indicated he hasn't seen that bill but that it would make more sense.

Representative Buchholdt requested the Finance Committee be provided with the 40 policy budget books referred to by Mr. Lehr. Mr. Lehr said that would be arranged, but cautioned they are through with these budgets in September or October and do not keep them up; and as programs are continually being revised, the policy budgets would not be entirely accurate. However, they would be pretty close, he added.

HB 285 HELD

ADJOURNMENT

The meeting adjourned at 3:25 p.m.

Tape HFC 81-18, Side 2, #395 - End
HFC 81-19, Side 1, #001 - End
Side 2, #001 - #609

SAMPLE REPAYMENT SCHEDULES

Loan Amount	\$10,000.00	\$30,000.00
I. 10 year monthly payment	\$ 106.07	\$ 318.10
Total interest over 10 years	2,728.40	8,184.00
Total paid over 10 years	12,728.40	38,184.00
II . Under graduated repayment		
monthly payment years 1-3	\$ 53.04	\$ 159.10
monthly payment years 4-6	106.07	318.20
monthly payment years 7-10	145.84	437.53
total interest over 10 years	2,728.40	8,184.00
total paid over 10 years	12,728.40	38,184.00
III. (a.) If the borrower lives in Alaska for six years after completion of study, no payment would be due after the sixth year, or the fifth year of repayment. The borrower would have repaid on a \$10,000 loan, \$6,364.20 (50% of the total).		
(b.) Under graduated repayment, if the borrower lives in Alaska the six years, the borrower would still owe 5 months of payments at the increased monthly amount.		

Alaska Student Loan Program

Fact Sheet

1. Total Loans 1971-72 through 1979-80:

Undergraduate	16,359	\$ 30.4 million
Graduate	<u>2,210</u>	<u>7.4 million</u>
Total	18,569	\$ 37.8 million

2. Current Year:

(1980-81, as of 1/14/81): 5,880 loans \$ 16.0 million

3. Percent Loans In-State/Out-of-State (1979-80):

	<u>In-State</u>	<u>Out-of-State</u>
Undergraduate	36.1 (43.5)	63.9 (56.5)
Graduate	12.3 (19.0)	87.7 (81.0)

4. Loan Collections (per month average):

1974-75	\$ 19,623
1975-76	38,794
1976-77	95,122
1977-78	99,321
1978-79	115,970
1979-80	133,620
1980-81 (est.)	170,000

5. Loan Cancellations (per month average):

1974-75	\$ 59
1975-76	3,686
1976-77	5,396
1977-78	26,192
1978-79	37,165
1979-80	34,125
1980-81 (est.)	45,000

6. Individuals in Repayment

Account Status	October		November		December		January	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Current	4,121	9,833,332	4,168	10,179,865	4,115	10,214,971	4,257	10,736,864
31-60 days	484	1,171,102	478	1,032,186	547	1,174,413	508	1,053,685
61-90	204	451,853	268	649,596	288	585,991	295	585,775
91-120	180	505,039	178	389,083	188	463,252	193	385,664
120+	878	1,981,084	909	2,038,126	954	2,096,983	927	2,154,220
TOTAL	5,867	13,942,409	6,001	14,288,857	6,092	14,535,610	6,250	14,916,209
Default Rate	11.2%		11.2%		11.3%		11.3%	

7. Current Year (as of 1/14/81)

	In-State		Out-of-State		Total
Freshman	864	(46.0)	1,014	(54.0)	1,878
Sophomore	512	(41.1)	734	(58.9)	1,246
Junior	399	(41.0)	575	(59.0)	974
Senior	327	(46.0)	384	(54.0)	711
Vocational	173	(40.9)	250	(59.1)	423
Sub-Total	2,275	(43.5)	2,957	(56.5)	5,232
Graduate	123	(19.0)	525	(81.0)	648
TOTAL	2,398	(40.8)	3,482	(58.2)	5,880

8. Raising Loan Limits

Undergraduate	\$3,500	\$4,500	\$5,000
Graduate	\$6,000	\$7,500	\$7,000
1981-82 Cost	\$1,575,700	\$3,619,600	\$4,041,704

9. Other Issues

- Adding a section which states that if a person allows the loan to become default (120+ days past due), all cancellation benefits are forfeited.
- Providing additional cancellation for in-state attendance, for example, an additional 5% per year of attendance, for up to a maximum of 20%.
- Providing additional cancellation for maintaining a "B" grade average for undergraduates, for example, an additional 5% upon graduation.
- Providing grant provisions for Alaskan borrowers age 60 and over.

10. Sample Costs:

a. Single Student College-Approved Budgets (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
University of Alaska, Anchorage	\$5,922	\$8,500
University of Alaska, Fairbanks	3,814	5,684
University of Washington	5,654	7,120
Gonzaga University	7,010	7,940
Western Washington University	6,280	7,890
University of Oregon	6,940	8,120
University of Colorado	8,150	9,540
Stanford University	9,800	11,250

b. Tuition and/or Required Fees (1980-81)

	<u>Undergraduate</u>	<u>Graduate</u>
University of Alaska, Fairbanks	\$ 562	\$ 792
University of Arizona*	2,500	2,500
University of Colorado*	3,584	3,752
University of Hawaii	480	582
University of Idaho*	1,990	2,000
University of Oregon*	3,431	2,433
University of Washington*	2,394	2,736

11. Miscellaneous Information:

a. Length of Residence of 1980-81 Borrowers

<u>Student Level</u>	<u>Median Residency</u>	<u>Percent of Lifelong Residents</u>	<u>Percent of 2-year Residents</u>
Freshman	10.7 years	30.4	8.1 (152)
Sophomore	12.0 years	38.2	5.9 (74)
Junior	5.0 years	26.9	19.2 (187)
Senior	5.0 years	20.0	15.0 (107)
Graduate	4.0 years	28.6	21.4 (91)
Combined	8.6 years	30.0	10.4

b. Age of 1980-81 Borrowers

<u>Age</u>	<u>Percent Freshmen</u>	<u>Percent Sophomores</u>	<u>Percent Juniors</u>	<u>Percent Seniors</u>	<u>Percent Graduates</u>
16-18	41.0	-	-	-	-
19-21	29.2	41.2	38.5	15.8	7.1
22-25	10.4	14.7	19.2	26.3	28.6
26-30	8.3	17.6	23.1	36.8	28.6
30-60	10.8	26.3	19.2	21.1	35.6
60+	.3	.2	N.A.	N.A.	.1
	100.0	100.0	100.0	100.0	100.0
Median Age	18.5 years	22.5 years	24.0 years	27.8 years	26.3 years

*Non-resident

IMPROVING THE BUDGET
PROCESS IN ALASKA

Briefing Report

March, 1971

Management Analysis Center, Inc.
1225 Connecticut Avenue, N. W.
Washington, D. C. 20036

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MANAGEMENT ANALYSIS CENTER INCORPORATED
BUDGET & MANAGEMENT

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Attachment 2

3-16-81

SUMMARY OF RECOMMENDATIONS IMPLEMENTATION PLAN

INTRODUCTION

Implementation of the proposals contained in this report will, over a period of three years, achieve the full intent of the Executive Budget Act. The recommended program planning and financial management improvements will reshape the budget process in Alaska as an effective policy tool for both the Governor and the legislature.

At this critical time for Alaska, when the fiscal and economic future is so uncertain, it is vital that the machinery of State government be equipped to deal with the inevitable strains of future events. The State must have the ability to plan for the kind of future it wishes for the benefit of all its people. In order to do so, State government must be able to develop realistic goals and priorities, choose among competing claims with the full knowledge of future costs and consequences, and continually evaluate progress and redirect its efforts.

The present budget process is not equipped for this purpose. Program planning is confined to the next budget year; the budget framework conceals the State's commitment to its major purposes; the budget cycle does not permit the Governor or legislature to provide policy direction until it is too late; budgetmaking concentrates on objects of expenditure rather than alternative methods of increasing program effectiveness; budget execution hampers responsible agency management and ignores the opportunity to monitor program performance.

The defects in Alaska's budget process described above are recognized by the executive and legislative branches of government. The Executive Budget Act was designed to correct them. The Governor and members of the legislature are committed to reform. The recommendations that follow are therefore intended to give practical expression to the State's desire for improvement.

SUMMARY OF RECOMMENDATIONS

Our principal recommendations are summarized in this section. They are grouped according to the following headings: Budget Cycle; Issue Analysis; Budget Framework; Budget Preparation; Capital Budgeting; Budget Review; Budget Execution; Program Evaluation; and Organization, Staffing and Training.

These recommendations will not be implemented or achieved simultaneously, but rather over a three-year period. The proposed schedule to achieve full implementation is presented in the next section.

BUDGET CYCLE

A budget "pre-preparation" phase would be established to permit the Governor to inject his program, policy, and fiscal emphasis into the very beginning of budgetmaking. The Governor would determine Program Allowances, by agency, for each major State program - dollar ceilings to guide agency program planning.

Legislative ability to analyze the Governor's budget requests would be improved by earlier submission of the Budget Document - in mid-December.

ISSUE PROCESS

The Governor and the legislature would identify a small number of major program or policy issues at the outset of the budget cycle. These issues would be analyzed and the results submitted with agency budget requests.

BUDGET FRAMEWORK

The State's budget structure would be revised to reveal the full costs of achieving program objectives, and the inter-relationships between agencies that seek to achieve a common purpose; the budget structure would emphasize services provided to the people of the State. The budget would be organized around ten "Program Categories": Education, Social Services, Health, Protection and Enjoyment of the Environment, Public Protection, Law Enforcement and the Administration of Justice, Housing and Community Development, Economic Development, Transportation, and General Government.

BUDGET PREPARATION

Agency budget preparation would be modified to integrate capital and operating budget requests, emphasize objectives and services, project future costs and performance, and use analysis and evaluation as essential elements of budgetmaking.

CAPITAL BUDGETING

The State would continually maintain a currently approved five-year Capital Program.

Agencies would be required to justify capital projects analytically as an integral part of their budget requests; Project status reports would be prepared each year.

BUDGET REVIEW

Budget review hearings would be conducted by program, not by agency.

The budget review process would be automated.

BUDGET EXECUTION

Budget controls would be modified to improve executive and legislative policy controls, and to decentralize operating controls.

Legislative approval would be required for transfers of funds between major State purposes; the Governor would be permitted to transfer funds between agencies to better achieve objectives within an overall State purpose; agencies would be able to re-allocate funds within a program to increase operating efficiency.

An allotment system would be introduced selectively to provide better expenditure control.

A cash-flow reporting system would be introduced as a basis for sound cash and investment management.

The State's accounting code structure would be modified to accommodate the proposed program budget structure.

PROGRAM EVALUATION

In addition to year-round evaluation of selected programs, a comprehensive program accomplishment reporting system would be initiated to focus on comparisons between actual and planned performance.

ORGANIZATION, STAFFING, AND TRAINING

No major reorganizations would be undertaken at this time other than those already announced by the administration.

The roles of key staff groups in the legislature, Governor's office, and the Department of Administration would be reoriented to provide necessary analytic staff support.

The staff of the Division of Budget and Management would be expanded and upgraded.

A training program would be conducted for all levels of State government to improve the State's capacity to conduct and use analysis as an essential ingredient of budgetmaking. ✓

IMPLEMENTATION PLAN

The following criteria governed the development of the recommended schedule to achieve full implementation of our proposals:

- Full implementation should be achieved by July 1, 1974.
- Priority emphasis should be placed on those proposals that will lead to the highest pay-offs for the State in terms of improved budgetary decisionmaking.
- Necessary inter-relationships between components of our proposals should be recognized in sequencing implementation.
- The pace of implementation should be moderate, taking due account of the State's staff capacity.

The recommended implementation plan is presented below in calendar form. Detailed steps are given for May, 1971 through July, 1972. Thereafter, to avoid repetition, only new items are shown.

It should be noted that we recommend that at least initial steps be taken in 1971 in almost every area in which we have made recommendations (except such areas as program accomplishment reporting.) More intensive effort is recommended in certain areas where the highest payoff can be obtained.

To avoid repetition, we have not explicitly stated - though it should be understood - that the State should continue more intensive efforts to improve all areas in 1972, 1973 and 1974. For example, over the next three years, the quality of projections should be continually upgraded, the usefulness of the program budget structure should be constantly reappraised, training programs should continue similarly for all areas.

It should also be noted that we have not explicitly identified any particular months for the performance of program evaluation studies; this is due to our recommendation that program evaluation be a year-round process.

**IMPROVING THE BUDGET
PROCESS IN ALASKA**

Final Report

March, 1971

by

**Management Analysis Center, Inc.
1225 Connecticut Avenue, N. W.
Washington, D. C. 20036**

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MANAGEMENT ANALYSIS CENTER INCORPORATED

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CHAPTER V

ORGANIZATION, STAFFING, AND TRAINING

INTRODUCTION

The proposed pace of implementation and the individual recommendations described in previous Chapters were designed in light of our understanding of Alaska's organizational and staff capability. We believe that our proposals are within the present capacity of State government. No significant organizational changes are necessary. However, a training program will be required and the utilization of existing staffs must be improved in order to achieve the full potential of the budget process.

Our major conclusions with respect to questions of organization, staffing and training are as follows:

- . The only major reorganizations that should take place within the near future are those that have already been suggested by the administration:

Department of Transportation
Department of Community Affairs
Department of Environmental Affairs

- . With some exceptions, State agencies already possess the staff resources to successfully implement the improvements suggested in our report, albeit at a moderate pace.

- . However, a systematic training effort will be required, particularly during early stages of implementation, and selective expansions of certain staffs will be required.

These conclusions, and our specific recommendations, are described in more detail in the following sections of this Chapter:

- . Organization
- . Staff Roles
- . Training
- . Analytic Personnel Resources

ORGANIZATION

The State of Alaska is fortunate in having relatively few line departments reporting directly to the Governor. This, coupled with the Governor's Constitutional and Statutory powers of appointment, permits strong executive managerial accountability. In general, responsibility for operating programs is well distributed among agencies.

Our overall conclusion, therefore, is that the State should not undertake any sweeping organizational changes at this time. To do so would, in our opinion, divert executive (and legislative) attention from more pressing questions. However, we do endorse creation of the following departments as suggested by the administration:

Department of Transportation: Composed of the present Department of Highways, and the Divisions of Aviation and Marine Transportation. Consideration should also be given to (a) creation of a Division of Motor Vehicles within the new Department of Transportation, pulling together driver licensing and vehicle registration functions; and (b) transferring administrative responsibility for the ATC from Commerce.

Department of Community Affairs: Composed primarily of the Rural Development Agency, the Local Affairs Agency, the revenue sharing function now administered by the Department of Administration and certain small functions from other agencies. Consideration might be given to naming this new department the "Department of Housing and Community Development" and incorporating at least administrative responsibility for ASHA, if not some of ASHA's functions. The Division of Planning and Research should work particularly closely with this new department on intergovernmental affairs, planning assistance to communities, regional development planning, and the like.

Introduced: 2/14/72
Referred: State Affairs
and Finance

BY DITMAN, HOFFMAN, WARWICK,
DEJAN, WRIGHT, FERGUSON,
MOORE AND NAUGHTON

1 IN THE HOUSE

2 HOUSE BILL NO. 676

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the reorganization of the execu-
7 tive branch of state government; and providing for an
8 effective date."

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

10 * Section 1. AS 44.15.010 is repealed and re-enacted to read:

11 Sec. 44.15.010. OFFICES AND DEPARTMENTS. There are in the execu-
12 tive branch of state government the following principal offices and
13 departments:

- 14 (1) Office of the Governor
- 15 (2) Department of Development
- 16 (3) Department of Education
- 17 (4) Department of General Government Services
- 18 (5) Department of Health
- 19 (6) Department of Justice
- 20 (7) Department of Natural Resource Management and Environ-
21 mental Conservation
- 22 (8) Department of Public Protection
- 23 (9) Department of Social Services
- 24 (10) Department of Transportation

25 * Sec. 2. The governor shall present to the First Session of the Eighth
26 Alaska Legislature a plan for the reorganization of the executive branch of
27 state government along organizational lines established in sec. 1 of this
28 Act. The plan shall contain the following elements:

- 29 (1) a bill proposing necessary revision of AS 44 and other statutes

1 related to governmental functions;

2 (2) agency program and financial plans required to support the
3 reorganized executive branch; and

4 (3) the proposed time-table for full implementation of reorgani-
5 zation within the executive branch.

6 * Sec. 3. Sec. 1 of this Act takes effect on July 1, 1973. Sec. 2 of
7 this Act takes effect on the day after its passage and approval or on the
8 day it becomes law without approval.

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STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF—STATE CAPITOL

JUNEAU, ALASKA 99811

December 30, 1980

To: Jay Hogan, Director
Division of Legislative Finance
Pouch WF
Juneau, Ak. 99811

From: *M. Jenson*
Merle Jenson, CPA
Deputy Legislative Auditor
Division of Legislative Audit
Pouch W
Juneau, Ak. 99811

Subject: Amending Sunset

In the event the "budget category" concept is replaced with the departmental approach AS 44.66.020(a) and AS 44.66.030 should be amended as attached.

Note that I have included all subsections of AS 44.66.020(a) as I don't know how the code revisor will handle the timing problem.

AS 44.66.020(a) should read:

Sec. 44.66.020. Agency programs. (a) Agency programs and activities listed in this subsection which are specifically designated as provided in §30 of this chapter are subject to termination during the regular legislative session convening in the month and year set out after each:

(1) Programs in the Departments of Administration, Law, Commerce and Economic Development, Military Affairs, Public Safety, and Office of the Governor - January, 1980;

(2) Programs in the Department of Education and the University of Alaska - January, 1981;

(3) Programs in the Departments of Health and Social Services and Labor - January, 1982;

(4) Programs in the Departments of Natural Resources, Fish and Game, Environmental Conservation, Revenue, Community and Regional Affairs, and Transportation and Public Facilities - January, 1983.

Sec. 44.66.030. Program identification. During the legislative session preceding each of the years set out in §20 of this chapter, the Legislative Budget and Audit Committee shall designate, not later than March 1 of those years, the programs and activities within each department (program category) which shall be subject to termination in the next fiscal year. The recommendations of the Legislative Budget and Audit Committee shall be submitted to the respective houses of the legislature in the form of a bill which, if enacted into law, would terminate those designated programs and activities on or before July 1 of the following year.

HOUSE FINANCE COMMITTEE

March 17, 1981

1:40 p.m.

{Tape HFC 81-19, Side 2, #609}

PRESENT

Chairman Cotten called the meeting to order at 1:40 p.m. All members of the Committee were present. Representative Meekins arrived later in the meeting. Also in attendance from the University of Alaska: Dr. Jay Barton, University President; Jeffry Cook and Sam Kito, Jr., Board of Regents; Dr. Patrick D'Rourke, Chancellor, and Dr. Edwin Biggerstaff, Campus President, Anchorage Community College, Community Colleges, Rural Education & Extension; Dr. Michael Paradise, Chancellor, University-Juneau; Dr. Frank Harrison, Chancellor, University-Anchorage; Bill Zybach, Director of the Alaska Statewide Student Association; Dr. Sherman Carter, University Executive Vice President; Dr. Howard Cutler, Chancellor, University-Fairbanks; Ashok Dhringa. Also present: Dr. Kerry Romesbury, Executive Director, Commission on Postsecondary Education, and Ron Phipps, Department of Education; Representative Terry Martin; Theresa Nangle Obermeyer; Alison Elgee, Fiscal Analyst, Division of Legislative Finance.

Chairman Cotten announced the first order of business is the introduction of two bills HB 351 and HB 352, dealing with the relocation of the state capital and the FRANK initiative, by the Finance Committee at the request of Representative Carney. Representative Rogers added this does not necessarily constitute approval by the Committee.

UNIVERSITY OF ALASKA BUDGET OVERVIEW

Chairman Cotten advised the Committee would hear testimony from the University of Alaska administration. He asked that Representative Rogers, University subcommittee chairman, introduce the guest speakers. Representative Rogers noted the University subcommittee met this morning with these gentlemen and that the subcommittee has also held teleconferences with the community colleges as well as with UAA-Fairbanks and UAA-Juneau campuses. He advised University President Jay Barton would be the first speaker.

President Barton began his presentation by noting, since he came with the University, many good things have happened over the past year, which he attributes to "the fine support given the University by the Legislature". He described the University plan, which he feels is responsible to the needs of the State and will entail full accountability. He stated the demand and need for higher education have never been greater and noted enrollments are up and that the University now involves 10% of

the State. He quoted from a paragraph in the March 3, 1981, issue of the Wall Street Journal by Peter Drucker relating to the challenge of education. He expressed concern that the University has become an increasingly small percentage of the budget over the years and of decreasing portion of interest within the State budget. He indicated only a 10.3% proposed increase for FY 82 over FY 81; and even if fully funded, it would still remain the second smallest budget category.

[HFC 81-20, Side 1, #001]

In describing the University plan, President Barton advised it reflects the best quality from members of the University from across the State. "A budget is but a numerical representation of the plan," he said, which he feels is a reasonable and just picture for FY 82 and reflects their best efforts. He touched briefly on some of the programs they hope to develop and expand and how they want to continue to stress economic development and accessibility of the State.

(Representative Meekins arrived at this time.)

President Barton again stressed the importance of the University plan, stating he feels its acceptance will allow them to move smoothly through FY 82 and on into FY 83. The final point he wished to cover, he said, is the increasing accountability of the University, as evidenced by the good report received from the external auditors. He stated he feels this is very important and called attention to the January (first) issue of the University monthly status report to the Legislature, which will be out in a timely manner. He described areas where they need assistance, such as the student record system with registration and transcripts. He added the Board of Regents has a fairly lengthy list of capital projects; some that can readily be done right away are replacement and updating of instructional and research equipment across the State, removal of handicapped barriers, minor building and road repairs. In summary, President Barton stated no institution is in a better time or place for building greatness as is the University of Alaska. He asked the Committee's support for full funding of the University plan and closed his remarks with a favorite quote from Thomas Jefferson.

Representative Rogers brought out a couple of issues identified by the subcommittee. On the question of regionalism, President Barton advised the University presented the broadest statewide proposal to the Governor that "we move as much of the locus from the political arena to the statewide prospective of the Regents". He stated he feels the plan offers better decision making. Representative Meekins countered he feels the Legislature are responsible decision makers and that President Barton's rationale is not correct. He added there are always geographical decisions within a State such as this.

Representative Rogers noted the University of Alaska status report now available follows the "Haugen report" format. Calling

attention to the federal government's report, America's New Beginning: A PROGRAM FOR ECONOMIC RECOVERY, February 18, 1981. Representative Rogers asked how this is going to affect the impact on the research of the University. President Barton advised there is a \$14.3 million impact on the FY 82 budget, and \$10 million of that is on the Fairbanks campus. He noted it affects all CETA--\$2 million impact--programs, as well as public broadcasting and the mental health, agriculture and nursing programs and the space agency, national science program. Student loans will also be severely impacted by this, he said. He indicated he has asked the Board of Regents to consider allowing him to revise the budget. Chairman Cotten advised that, in most instances, the Finance Committee will not appropriate in the event of a shortfall, as it is the policy to wait until the January session begins.

Representative Rogers brought up the issue of legislative additions to the budget and the fact that they are being transferred to what the University feels it needs. President Barton commented the decision is multifaceted, and he feels their priorities are just as important or effective as those of the Legislature. When legislative intent is set out, he noted, it leaves them with two alternatives; to accept it or to refuse the funds. He argued the Board of Regents should be allowed to exercise their prerogatives.

Stating he feels the need in his district is to continue funding research at the Naval Arctic Research Laboratory (NARL), Representative Adams wondered what the University foresees for arctic research. President Barton commented the arctic oriented and environmental research programs are related, and much of the research is conducted at NARL. He advised he has met with various people involved in polar affairs and polar problems, including scientists, to see if they would pick up the maintenance of NARL, and the consensus was that there is a need to develop a program but that does not necessarily mean support of any one facility. He discussed the high cost effectiveness involved in maintaining NARL. "The best reason for funding it is because it's there. Were you to start from scratch today, you wouldn't do it; but because it's already there it should be maintained," he offered.

Representative Adams then inquired about Chukchi Community College, and President Barton responded the Board of Regents has requested funding for Chukchi. He asked that he be allowed to duck the question on the University's position if Chukchi were to become part of the community college until he has had time to consult with the Board of Regents, but volunteered he feels the community colleges benefit immensely by being connected to the University.

Representative Adams asked what is happening with the Alaska Native studies program at the University-Fairbanks. President Barton described the proposal presented to the Board of Regents

last year and indicated Willie Hensley has been lecturing each week, which he feels is a very good beginning.

Taking exception to remarks by President Barton and for point of clarification, Representative Meekins observed, "There are three branches of government, and the University is not one of them. You may argue that it may be time to leave (some of the) decisions to the Regents, but it is the Legislature who appropriates the money, and it is not only our responsibility but our right to do that." He stated he doesn't "feel the Legislature should just 'rubber stamp' the Regents budget," as "this becomes a direct money line." He asked President Barton to comment on what he feels the Legislature's roll is in the University budget. President Barton indicated he feels the University and the Legislature have a shared responsibility. He went on to note there would probably always be a certain amount of tension, but the University would like to make the relationship as fruitful as possible. He stated he realizes "the Legislature will have to hold the University responsible, but not necessarily in concurrence with the priorities of the Legislature. We need to work out a better mechanism with regard to the University priorities and those of your constituents," he added. Representative Meekins indicated he has no desire to rewrite the University budget nor to wield some type of club over the University, but is concerned with the obvious lack of communication and would like to see some evidence of willingness on the part of the University to cooperate with the Legislature and resolve the problem. The University's attitude seems to be, "Here is our plan, and we won't compromise," which tends to put the Legislature on the defensive, he continued. Referring to the unsolicited funds the Legislature placed in the University budget with intent last year, President Barton volunteered that perhaps the University acted arrogantly in that matter.

{Tape HFC 81-20, Side 2, #001}

Referring to the subcommittee's hearings regarding the lack of equipment and supplies, Representative Buchholdt requested information from the University on exactly what is needed. President Barton indicated he has a list and will provide it. Representative Buchholdt brought up the issue regarding the student loan program of encouraging students to stay within the State. The University's basic philosophy on the scholarship programs, responded President Barton, is that a student should want to attend, rather than because of some economic reason. However, he noted, more students are staying--and returning--and more are coming from the Lower 48 because they have found the University of Alaska offers quality education. Representative Carney said he still would like the University to look at the student loan program with regard to incentive to keep students here.

Representative Rogers solicited comments concerning the ratio of costs to supplies, pointing out that, in the past, the University has opposed formula funding. President Barton indicated the

opposition has been more a concern to the State because of attendance and that, generally, the formula is only oriented toward instruction. He stated he feels this becomes a rhetorical question.

(Representative Malone left the meeting at this time.)

Representative Rogers then brought up questions relating to athletics and summer sessions. He wondered why this year the Regents allocated more athletic funds to Anchorage when Fairbanks has more students and also that the summer sessions at Fairbanks have been asked to generate their own funds--or pay for themselves--in the past. In response, President Barton advised the amended budget request does not advocate equal funding in the matter of athletics, and the summer session at Fairbanks has been taken care of in the budget request this year.

There was brief discussion on the four University projects that were shortfunded on the bond issue. Representative Rogers explained \$8.5 million of the \$12 million for the Rasmusson Library was on the bond issue; and the balance is requested to be funded through the capital budget this year.

(Representative Meekins left the meeting at this time.)

Representative Buchholdt brought up the subject of the Articulation Guide. President Barton stated he feels it ought to be updated twice a year. He explained it is the actual application of a degree to a course program.

Representative Haugen noted last year he had requested a complete breakout of all the University capital projects and would still like to receive one. President Barton indicated he was not aware of the request but that the list would be provided by tomorrow. Representative Haugen also asked about the University-Juneau fisheries program that was first requested in 1972, stating he feels they should have had the school by now. President Barton responded he thinks this rested on the sea grant program. Personally, Representative Haugen added, he would like to see a resources school according to the original intent.

At this time, Board of Regents Jeff Cook and Sam Kito presented testimony. Mr. Cook began by stating they support the budget request and have been actively involved in the decisions. He noted their system of budgeting is not perfect, but it has come a long way; and they are making sure their programs are relevant. He indicated they do support a reduction of the appropriation levels; and if the Committee considers additions to the budget, they do want their input.

In his presentation, Mr. Kito described the budgeting process and how far it has come since he first joined the Board in 1975. He said there has always been a cap put on the budget by the Governor, and he feels it is important they set statewide priorities based on the planning process.

RECESS

(Chairman Cotten called a recess at 3:10 p.m. and reconvened the meeting at 3:20 p.m. Committee members present: Representatives Adams, Cotten, Montgomery, Moss and Rogers.)

Representative Rogers thanked the Regents for appearing before the Committee, noting it is the first time and that he feels the Board should take a more active part.

(Representative Buchholdt joined the meeting at this time.)

Representative Rogers called attention to the reduced funding for research. He stated the Legislature has two alternatives: outside contracting or offering it to the University first through the budget process. He said it seems the Legislature should use the University as its research arm. In reply, Mr. Kito explained his comments that appeared in the newspaper regarding legislative add-ons. Even though we would like to have greater authority, he said, it would probably be more sensitive to local needs if it were contracted out.

(Representatives Carney and Freeman joined the meeting at this time.)

Mr. Kito went on to describe the budget cap they work under and that he personally feels they should fully fund instruction first before they consider any additions; but if the cap is raised, he has no objection to money going for research. Mr. Cook concurred the University should be utilized for research if it does not reorganize priorities and does not affect the cap. There was further discussion.

Representative Rogers solicited comments on the following three issues: Chukchi, community college management and the engineering program at the University-Anchorage. Mr. Cook advised the results of the study on design done on the support of the engineering program was discussed at the last Board meeting; however, the report is not on hand at the present time but may be available at the March meeting. Mr. Kito stated the Board will address this matter at its next meeting and decide how to proceed.

(Representative Meekins joined the meeting at this time.)

Mr. Cook indicated he would like to see the community college management system stay as it is. He said he feels they have made some strides regarding the Policy Advisory Council and that there is increased emphasis on the community colleges now.

{Tape HFC 81-21, Side 1, #001}

There was discussion on instructional versus administrative costs. Mr. Kito commented the problem is it takes more money to administer a two-year institution because it is so specialized

and that he feels it is "a situation where you are looking at comparing apples and oranges. It was less expensive per FTE (full-time equivalent) for community colleges outside of Anchorage and Fairbanks to operate. It does take more money to educate students at the four-year University, however," he said.

In closing, Mr. Cook thanked the Committee for inviting the Regents to participate and offered their assistance at any time. He agreed with Representative Meekins concerning the communication between the University and the Legislature, but added, "We are responsible in the end for making the University work."

In his overview, Dr. Patrick O'Rourke described what is included in this the community college system. He advised there are 10 community colleges and 11 rural extensions concerned with academic transfers, vocational education, development education, community services and student counseling type programs and then went on to describe these various programs. The average age of the students is 30 years, he said, and enrollment is composed of 20% full-time and 80% part-time students. He discussed the "internal resources allocation" program they have implemented this year. He described telecommunications as "the glue that holds rural Alaska together".

Dr. O'Rourke stated he feels "the budget before the Committee is modest, as it always is," and reflected, "The Governor was even more modest." He noted they will be undergoing some accreditation review. Referring to the capital budget, he highlighted a few items of priority--equipment is #1, then life safety improvements, handicapped barriers, renovation and campus improvement--realizing it is an off-year for general obligation bonds.

Chairman Cotten asked for a definition of "instructional equipment", and Dr. O'Rourke replied typewriters, audio-visual, special desks and automotive equipment to help carry out the various types of programs. Representative Rogers argued for a broad definition on this because of an incidence that came up during the subcommittee meeting; i.e., purchase of a typewriter for a faculty member would be under instruction, while it would come under administration if purchased for an administrator.

There was discussion on the Seward Skill Center and the need for improvement in the VocEd program, with Dr. O'Rourke observing, "We were very appreciative of the legislative add-ons, and none of them were turned down."

Referring to telecommunications, Representative Rogers announced a video-teleconference with the University will be held Thursday, April 2, at 3 p.m., the results of which may be able to help answer some of these questions.

In his closing remarks, Dr. O'Rourke pointed out the Committee would be receiving a budget amendment in the amount of \$75,000

covering the period April 1 through June 30, as they have agreed not to reopen their contract, written at 6.28%.

Dr. Ed Biggerstaff was very complimentary toward what Dr. O'Rourke has implemented. He indicated he looks forward to this program in 1983, as the budget and policy team help to encourage and sustain the statewide approach. He stated he wished to thank the Committee personally for their great support and additional funding last year. He noted Anchorage Community College ended with a balanced budget for FY 80, and "We are in better shape financially than we have been." However, he cautioned, they still need support to maintain their current level and to expand. He closed by saying he strongly supports the University budget request.

There was brief discussion on Phase I of the aviation complex, which will be completed by August 1. Representative Adams asked about the statewide fisheries, mining and agriculture programs. Dr. O'Rourke advised the fisheries program has expanded; the ratio in agriculture is usually 60% VocEd and 40% academic transfer or about equal; the mining program is in a very beginning stage.

Representative Rogers commented he is pleased in the unanimity felt with the budget this year and indicated he hasn't heard many complaints.

(Representatives Adams and Meekins left the meeting at this time.)

At this time Dr. Theresa Nangle Obermeyer interrupted the meeting, stating she wished to present testimony. Chairman Cotten stated Committee hearings today are limited to the budget, and the Committee is adhering to a strict schedule. She was, however, allowed to submit written testimony (see Attachment 5).

Dr. Michael Paradise began his presentation by distributing a handout (see Attachments 2 & 3) on planning and stated the University is actually doing concrete things in this area, which is necessary because it provides for proficiency and wise use of the resources. He described the various programs the University-Juneau is involved in and stated they are very appreciative of the add-ons by the Legislature last year.

(Representative Carney left the meeting at this time.)

In describing the University-Juneau budget, Dr. Paradise indicated the request for \$767,000 is not high for a developing institution, when comparing to the Lower 48. He stated he believes the budget to be very modest and noted the Governor has cut it to \$317,700.

{Tape HFC 81-21, Side 2, #001}

Dr. Paradise briefly touched on the Harris Harbor-Aurora Basin land where the University-Juneau fisheries program (a question brought out by Representative Haugen) will be developed.

In his opening comments, Dr. Frank Harrison described the University-Anchorage as a fledgling, scarcely four years old, whose main focus of programs is on the health sciences and physical sciences. He advised of enrollment increases averaging 16%, which is due to improved quality of courses offered.

Focusing on the goals of the University-Anchorage, Dr. Harrison stated they are committed to balanced growth, such as between athletics and academics and credited and non-credited courses, which he feels is the best way to serve the people of the State. He listed the FY 82 capital budget as taking precedence because the campus is so young. Among their priorities, he stated, are instructional equipment and some renovation. Their top priority this year, he said, is for custodians to maintain the building due to come on line this year. In answer to a question, he advised they have 18 classrooms, six labs and an auditorium. The \$138 million building, part of which is a \$1 million health sciences building, is their second highest priority he stated. Brief discussion followed, with Dr. Harrison indicating, "We are particularly in a space crunch at night; it is because we are short on (classroom) space." In closing, he stated they support the operating budget as approved by the Board of Regents--\$1.6 million, representing 31 line items.

In his brief testimony, Dr. Cutler spoke about the "eroding" of the University budget over the past few years; i.e., cutbacks and inflation, "areas where you never catch up". He noted the University-Fairbanks services students from 129 towns, villages and communities within the State. He stated the increases they are asking for in the budget are due to the increases in enrollment, which goes up 7% each year. He advised agriculture, engineering and summer session represent the main areas where they need support. Discussing the capital budget, he advised they need additional support for the road system, instructional equipment, buildings (library), safety needs such as a fire pump and for the handicapped. He cited a particular crunch in the area of space research, as this is mostly done on a competitive (contract) basis with the federal government, which is "why we need the best updated materials and equipment".

At this time Bill Zybach presented the position of the Alaska Statewide Student Association (see Attachment 4) on the University budget. He testified in support of full funding for the University budget as proposed by the Board of Regents and in favor of the priority needs, which the students were involved in selecting. Because of the University's willingness to include the students in its decision making during the past year and if this continues, it will alleviate the need for the students to go around the University, he said. He attributes the success of the interaction between the University administration and the students

directly to President Barton, whom he said is the first president since the late 1940's who has advocated student participation.

Owing to the lateness of the hour, Representative Rogers requested Dr. Kerry Romesburg be allowed to return to present his testimony before the Committee at a later date. There was no objection. Dr. Romesburg did indicate the Department has some recommendations on the budget, but none that would pose any particular problems, with the exception of Chukchi.

ADJOURNMENT

There being no further business to come before the Committee, the meeting adjourned at 5:05 p.m.

Tape HFC 81-19, Side 2, #609 - End
HFC 81-20, Side 1, #001 - End
Side 2, #001 - End
HFC 81-21, Side 1, #001 - End
Side 2, #001 - End

Attachment 1

AGENCY SUBMISSION					PROPOSED FUNDING YEAR 1982		GOVERNOR'S RECOMMENDATION Please Do Not Write In This Area			
AGENCY PRIORITY	OBJ. NO(S)	PROJECT TYPE	PROJECT TITLE AND LOCATION	AGENCY REQUEST	FUNDING SOURCE	GOVERNOR'S FUNDING YEAR 82	GOVERNOR'S FUNDING YEAR 83	GOVERNOR'S FUNDING YEAR	GOV'S PRIORITY	
82-1		C	Handicapped Barriers Removal (Anchorage, Fairbanks, Juneau) ULTIMATE ANNUAL OPERATING COST = -0- EXPECTED YEAR = FY	2,724,400	FED. RCPTS.				82-1 83-1	
					GEN FUND	500.0	2224.2			
					G.O. BONDS					
					TOTAL	500.0	2224.2			
82-2		E	UAF Fire Pumper (Fairbanks) ULTIMATE ANNUAL OPERATING COST = -0- EXPECTED YEAR =	120,000	FED. RCPTS.				82-2	
					GEN FUND	120.0				
					G.O. BONDS					
					TOTAL	120.0				
82-3		I	UAF Water Treatment Facility- Phase II (Fairbanks) ULTIMATE ANNUAL OPERATING COST = -0- EXPECTED YEAR = FY	650,000	FED. RECPTS.				82-3	
					GEN FUND	650.0				
					G.O. BONDS					
					TOTAL	650.0				
82-4		C	IMS Seward Dock Repairs and Renovations (Seward) ULTIMATE ANNUAL OPERATING COST = 3.0 EXPECTED YEAR = FY 81	564,000	FED. RECPTS.				82-4	
					GEN FUND	564.0				
					G.O. BONDS					
					TOTAL	564.0				
82-5		C	UAA Completion of HOF/Campus Spine (Anchorage) ULTIMATE ANNUAL OPERATING COST = -0- EXPECTED YEAR = FY	280,000	FED. RECPTS.				82-5	
					GEN FUND	280.0				
					G.O. BONDS					
					TOTAL	280.0				

PROJECT TYPE CODES

C Bldg. Construction	L Land
I Other Improvement	P Professional Svcs.
E Equipment	O Other

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AGENCY SUBMISSION

PROPOSED FUNDING YEAR 1982GOVERNOR'S RECOMMENDATION
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AGENCY PRIORITY	OBJ. NO(S)	PROJECT TYPE	PROJECT TITLE AND LOCATION	AGENCY REQUEST	FUNDING SOURCE	GOVERNOR'S FUNDING YEAR <u>82</u>	GOVERNOR'S FUNDING YEAR <u>83</u>	GOVERNOR'S FUNDING YEAR <u>84</u>	GOV'S PRIORITY
82-6		E	Instructional & Instructional Support Equipment (Gree) (STATEWIDE) ULTIMATE ANNUAL OPERATING COST = <u>69.1</u> EXPECTED YEAR = FY <u>82</u>	2,783,000	FED. RCPTS. GEN FUND G.O. BONDS TOTAL	500.0 2000.0 500.0	2000.0	2500.0	82-6 83-2 84-1
82-7		E	Instructional & Instructional Support Equipment (Fairbanks) CONSIDERED IN 82-6 STATEWIDE ULTIMATE ANNUAL OPERATING COST = <u>-0-</u> EXPECTED YEAR = _____	~~1,418,100~~	FED. RCPTS. ~~GEN FUND~~ G.O. BONDS TOTAL	 	 	 	82-6
82-8		O	Working Capital Fund ULTIMATE ANNUAL OPERATING COST = <u>-0-</u> EXPECTED YEAR = FY _____	2,500,000	FED. RECPTS. GEN FUND G.O. BONDS TOTAL	2,500.0 2,500.0	 	 	82-7
82-9		E	Computer and Records Management Equipment (Statewide) ULTIMATE ANNUAL OPERATING COST = <u>7.0</u> EXPECTED YEAR = FY <u>82</u>	518,100	FED. RECPTS. GEN FUND G.O. BONDS TOTAL	 518.1 518.1	 	 	83-3
82-10		E	On-Line Student Records System (Statewide) ULTIMATE ANNUAL OPERATING COST = <u>-0-</u> EXPECTED YEAR = FY _____	600,000	FED. RECPTS. GEN FUND G.O. BONDS TOTAL	 600.0 600.0	 	 	83-4

PROJECT TYPE CODES

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I Other Improvement P Professional Svcs.
E Equipment O Other

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AGENCY SUBMISSION				PROPOSED FUNDING YEAR <u>1982</u>		GOVERNOR'S RECOMMENDATION Please Do Not Write In This Area			
AGENCY PRIORITY	OBJ. NO(S)	PROJECT TYPE	PROJECT TITLE AND LOCATION	AGENCY REQUEST	FUNDING SOURCE	GOVERNOR'S FUNDING YEAR <u>82</u>	GOVERNOR'S FUNDING YEAR <u>83</u>	GOVERNOR'S FUNDING YEAR _____	GOV'S PRIORITY
82-11		L	Land Acquisition-Grasle Property (Juneau) ULTIMATE ANNUAL OPERATING COST = <u>-0-</u> EXPECTED YEAR = FY _____	400,000	FED. RCPTS. GEN FUND G.O. BONDS TOTAL		400.0		83-5
82-12		E	UAF Instructional/Plant Equipment (Juneau) CONSIDERED IN 82-6 STATEWIDE ULTIMATE ANNUAL OPERATING COST = <u>-0-</u> EXPECTED YEAR = _____	470,000	FED. RCPTS. GEN FUND G.O. BONDS TOTAL				82-6
82-13		C	Coal Handling Facility and Hose Drying Facility (Fairbanks) ULTIMATE ANNUAL OPERATING COST = <u>-0-</u> EXPECTED YEAR = FY _____	965,000	FED. RECPTS. GEN FUND G.O. BONDS TOTAL	65.0	900.0		82-8 83-6
82-14		C	Building Repair/Renovation (Statewide) ULTIMATE ANNUAL OPERATING COST = <u>-0-</u> EXPECTED YEAR = FY _____	4,465,600	FED. RECPTS. GEN FUND G.O. BONDS TOTAL	300.0	4165.6		82-9 83-7
82-15		C	Statewide Administration Building (Fairbanks) ULTIMATE ANNUAL OPERATING COST = <u>280.0</u> EXPECTED YEAR = FY <u>84</u>	9,780,000	FED. RECPTS. GEN FUND G.O. BONDS TOTAL		9,780.0		83-8

PROJECT TYPE CODES

C Bldg. Construction	L Land
I Other Improvement	P Professional Svcs.
E Equipment	O Other

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**PROPOSED SIX-YEAR
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Attachment 1



AGENCY SUBMISSION					PROPOSED FUNDING YEAR <u>1982</u>		GOVERNOR'S RECOMMENDATION Please Do Not Write In This Area			
AGENCY PRIORITY	OBJ. NO(S)	PROJECT TYPE	PROJECT TITLE AND LOCATION	AGENCY REQUEST	FUNDING SOURCE	GOVERNOR'S FUNDING YEAR <u>82</u>	GOVERNOR'S FUNDING YEAR <u>83</u>	GOVERNOR'S FUNDING YEAR _____	GOV'S PRIORITY	
82-16		C	UAF Marine Technology Core Building ULTIMATE ANNUAL OPERATING COST = <u>-0-</u> EXPECTED YEAR = FY _____	5,395,000	FED. RCPTS.				83-9	
					GEN FUND		5,395.0			
					G.O. BONDS					
					TOTAL		5395.0			
82-17		C	UAF - Elvey Building Addition for Research (Fairbanks) ULTIMATE ANNUAL OPERATING COST = <u>400.0</u> EXPECTED YEAR = <u>82</u>	17,660,000	FED. RCPTS.				83-10	
					GEN FUND		17660.0			
					G.O. BONDS					
					TOTAL		17660.0			
82-18 275		E	UAA Instructional Equipment (Anchorage) CONSIDERED IN 82-6 STATEWIDE ULTIMATE ANNUAL OPERATING COST = <u>55.8</u> EXPECTED YEAR = FY <u>82</u>	825,600	FED. RECPTS.				82-6	
					GEN FUND					
					G.O. BONDS					
					TOTAL					
82-19		E	UAF Research Equipment (Fairbanks) ULTIMATE ANNUAL OPERATING COST = <u>-0-</u> EXPECTED YEAR = FY _____	1,865,500	FED. RECPTS.				83-11	
					GEN FUND		1865.5			
					G.O. BONDS					
					TOTAL		1865.5			
82-20		E	Mobile Classrooms (Statewide) ULTIMATE ANNUAL OPERATING COST = <u>33.2</u> EXPECTED YEAR = FY <u>82</u>	312,200	FED. RECPTS.				83-12	
					GEN FUND		312.2			
					G.O. BONDS					
					TOTAL		312.2			

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AGENCY SUBMISSION

PROPOSED FUNDING YEAR 1982

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AGENCY PRIORITY	OBJ. NO(S)	PROJECT TYPE	PROJECT TITLE AND LOCATION	AGENCY REQUEST	FUNDING SOURCE	GOVERNOR'S FUNDING YEAR <u>82</u>	GOVERNOR'S FUNDING YEAR <u>83</u>	GOVERNOR'S FUNDING YEAR _____	GOV'S PRIORITY
82-21		E	Marine Training Vessel (Valdez)	84,700	FED. RCPTS.				83-13
					GEN FUND		84.7		
					G.O. BONDS				
					TOTAL		84.7		
					ULTIMATE ANNUAL OPERATING COST = <u>7.2</u> EXPECTED YEAR = FY <u>82</u>				
82-22		E	Fisheries Saltwater System- Phase 2 (Juneau)	200,000	FED. RCPTS.				83-14
					GEN FUND		200.0		
					G.O. BONDS				
					TOTAL		200.0		
					ULTIMATE ANNUAL OPERATING COST = <u>-0-</u> EXPECTED YEAR = _____				
82-23		E	Administrative Equipment (Statewide)	178,100	FED. RECPTS.				83-15
					GEN FUND		178.1		
					G.O. BONDS				
					TOTAL		178.1		
					ULTIMATE ANNUAL OPERATING COST = <u>10.3</u> EXPECTED YEAR = FY <u>82</u>				
82-24		E	UAA Physical Plant/Administrative Equipment (Anchorage)	210,800	FED. RECPTS.				83-16
					GEN FUND		210.8		
					G.O. BONDS				
					TOTAL		210.8		
					ULTIMATE ANNUAL OPERATING COST = <u>-0-</u> EXPECTED YEAR = FY _____				
82-25		I	Roads, Streets, Parking (Statewide)	3,404,000	FED. RECPTS.				83-17
					GEN FUND		3404.0		
					G.O. BONDS				
					TOTAL		3404.0		
					ULTIMATE ANNUAL OPERATING COST = <u>-0-</u> EXPECTED YEAR = FY _____				

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AGENCY SUBMISSION					PROPOSED FUNDING YEAR 1982		GOVERNOR'S RECOMMENDATION Please Do Not Write In This Area			
AGENCY PRIORITY	OBJ. NO(S)	PROJECT TYPE	PROJECT TITLE AND LOCATION	AGENCY REQUEST	FUNDING SOURCE	GOVERNOR'S FUNDING YEAR 82	GOVERNOR'S FUNDING YEAR 83	GOVERNOR'S FUNDING YEAR	GOV'S PRIORITY	
82-26		C	CCREE Office Building ULTIMATE ANNUAL OPERATING COST = 75.0 EXPECTED YEAR = FY 84	4,300,000	FED. RCPTS.				83-18	
					GEN FUND		4300.0			
					G.O. BONDS					
					TOTAL		4300.0			
82-27		C	Galena Rural Education Center (Galena) ULTIMATE ANNUAL OPERATING COST = 15.2 EXPECTED YEAR = 82	1,430,000	FED. RCPTS.				83-19	
					GEN FUND		1430.0			
					G.O. BONDS					
					TOTAL		1430.0			
82-28		C	UAA Classroom Building (Anchorage) ULTIMATE ANNUAL OPERATING COST = 502.0 EXPECTED YEAR = FY 85	13,800,000	FED. RECPTS.				83-20	
					GEN FUND		13800.0			
					G.O. BONDS					
					TOTAL		13800.0			
82-29		I	Electrical Feeder Upgrade (Fairbanks) ULTIMATE ANNUAL OPERATING COST = -0- EXPECTED YEAR = FY	200,000	FED. RECPTS.				83-21	
					GEN FUND		200.0			
					G.O. BONDS					
					TOTAL		200.0			
82-30		E,P	UAF-Administrative Services-Computerized Registration Assessment (Fairbanks) ULTIMATE ANNUAL OPERATING COST = 9.0 EXPECTED YEAR = FY 82	81,000	FED. RECPTS.				83-22	
					GEN FUND		81.0			
					G.O. BONDS					
					TOTAL		81.0			

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E Equipment	O Other

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Statewide System of Higher Education

VOL. II NO. 1

SEPTEMBER, 1980

ALASKANS REPRESENT 91 PER CENT OF NEW STUDENTS AT U OF A

A recent sample survey of 3,379 newly-enrolled students, University of Alaska, fall, 1979 revealed that 3,083 or 91.2 per cent of the students were Alaska residents. Non-Alaskans totaled 277 or 8.2 per cent from 41 other states, 18 or .5 per cent from foreign countries and one new student from Guam. Of the non-Alaskan students, 215 or 72.6 per cent were enrolled at U of A, Fairbanks. With the exception of U of A, Anchorage and the Anchorage Community College, all institutions in the Statewide System responded to the survey. Selected state-of-residence data:

STUDENT LEVEL - FIRST-TIME STUDENTS ONLY

	All New Students		Undergraduates		Graduate Students		Unclassified Students	
	No.	%	No.	%	No.	%	No.	%
TOTALS	3,379	100.0	1,718	100.0	68	100.0	1,593	100.0
Alaska	3,083	91.2	1,484	86.4	21	30.9	1,578	99.0
California	58	1.7	49	2.8	7	10.3	2	0.1
Washington	31	0.9	20	1.2	9	13.2	2	0.1
Oregon	22	0.7	16	0.9	2	2.9	4	0.3
Foreign Countries	18	0.5	8	0.5	6	8.8	4	0.3
New York	12	0.4	11	0.6	1	1.5	-	-
Illinois	10	0.3	10	0.6	-	-	-	-
New Jersey	10	0.3	9	0.5	1	1.5	-	-
All Other States	135	4.0	111	6.5	21	30.9	3	0.2

Individuals interested in these data on an institution-by-institution basis within the University system should contact the Office of Institutional Planning, One Bunnell Building, University of Alaska, Fairbanks, Alaska 99701, phone (907) 479-7958.

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Office of Institutional Planning
University of Alaska
February 11, 1981

SUMMARY OF CLOSING FALL SEMESTER CREDIT AND NONCREDIT ENROLLMENT
AND CREDIT HOUR DATA BY INSTITUTION 1978-80

	GRAND TOTAL CR HR/CONT HR WORKLOAD	DEGREE CREDIT TOTALS			NONCREDIT TOTALS			
		Head- count	Credit Hours	FTE (1) Enroll- ment	Head- count	Contact Hours (2) Total	ABE	Others
TOTAL STATEWIDE								
1980	174,488	25,935	157,241	10,579	14,990 ⁽⁴⁾	17,247	5,452	11,795
1979	160,041	24,348	142,612	9,616	6,783	17,429	10,212	7,217
1978	162,314	25,880	140,711	9,494	(3)	21,603	13,543	8,060
Total-Senior Colleges								
1980	82,705	10,438	70,641	5,337	9,134	4,064	200	3,864
1979	73,093	9,884	71,091	4,843	2,022	2,002	134	1,868
1978	67,690	10,150	65,728	4,489	(3)	1,962	-	1,962
UA-Anchorage								
1980	24,644	3,398	24,241	1,660	469	403	-	403
1979	21,761	3,144	21,543	1,476	481	218	-	218
1978	19,623	3,805	18,917	1,317	(3)	706	-	706
UA-Fairbanks								
1980	47,127	4,938	45,109	3,047	1,938	2,018	-	2,018
1979	41,756	4,596	40,557	2,753	1,138	1,199	-	1,199
1978	39,823	4,503	39,088	2,645	910	735	-	735
UA-Juneau								
1980	10,934	2,102	9,291	630	6,727 ⁽⁴⁾	1,643 ⁽⁴⁾	200	1,443
1979	9,576	2,144	8,991	614	403	585	134	451
1978	8,244	1,842	7,723	527	522	521	-	521
Total-Community Colleges								
1980	86,411	14,048	73,505	4,902	5,300	12,906	5,252	7,654
1979	83,862	13,680	68,645	4,577	4,654	15,217	10,078	5,139
1978	91,882	14,882	72,362	4,825	(3)	19,520	13,543	5,977
Anchorage CC								
1980	50,779	7,381	45,517	3,034	893	5,262	3,653	1,609
1979	52,067	7,336	42,121	2,808	1,336	9,946	8,543	1,403
1978	57,201	8,306	45,857	3,057	(3)	11,344	9,518	1,826

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Office of Institutional Planning
University of Alaska
February 11, 1980

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1980	2,978	670	2,544	170	483	434	179	255
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1978	6,730	537	2,806	187	386	3,924	3,072	852
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Northwest CC								
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1979	726	134	726	48	-	-	-	-
1978	1,347	278	1,347	90	-	-	-	-
Prince William Sound CC								
1980	3,011	408	908	61	487	2,103	227	1,876
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Sitka CC								
1980	2,199	578	1,811	121	209	388	-	388
1979	1,356	455	1,272	85	58	84	82	2
1978	1,694	419	1,489	99	70	205	166	39
Tanana Valley CC								
1980	11,288	2,241	9,178	612	1,811	2,110	-	2,110
1979	9,674	2,173	8,480	565	1,507	1,194	-	1,194
1978	10,189	2,357	8,380	559	1,479	1,809	-	1,809
Total-Rural Education								
1980	5,372	1,449	5,095 ⁽⁵⁾	340	556	277	-	277
1979	3,086	784	2,876 ⁽⁵⁾	196	107	210	-	210
1978	2,742	848	2,621 ⁽⁵⁾	180	57	121	-	121

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**



OFFICE OF

INSTITUTIONAL PLANNING

University of Alaska

Statewide System of Higher Education

VOL. II NO. 1

SEPTEMBER, 1980

ALASKANS REPRESENT 91 PER CENT OF NEW STUDENTS AT U OF A

A recent sample survey of 3,379 newly-enrolled students, University of Alaska, fall, 1979 revealed that 3,083 or 91.2 per cent of the students were Alaska residents. Non-Alaskans totaled 277 or 8.2 per cent from 41 other states, 18 or .5 per cent from foreign countries and one new student from Guam. Of the non-Alaskan students, 215 or 72.6 per cent were enrolled at U of A, Fairbanks. With the exception of U of A, Anchorage and the Anchorage Community College, all institutions in the Statewide System responded to the survey. Selected state-of-residence data:

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Individuals interested in these data on an institution-by-institution basis within the University system should contact the Office of Institutional Planning, One Bunnell Building, University of Alaska, Fairbanks, Alaska 99701, phone (907) 479-7958.

1979-80 DEGREES TOTAL RECORD 1,029

A record 1,029 earned degrees were conferred throughout the University of Alaska Statewide System of Higher Education during the July 1, 1979-June 30, 1980 period.

The number of degree recipients approached the 1,000 level several times during the mid-seventies, declined dramatically in 1977-78 and had increased slightly in 1978-79.

This year's increase of 127 awards was 14 per cent above the 1978-79 output--clearly the largest numerical and percentage gains in recent times. Women not only earned a record 54 per cent of the degrees, but for the first time in the University's history outnumbered male recipients at all degree levels. Seven-year summary data:

	<u>All Earned Degrees</u>	<u>Associate</u>	<u>Bachelor's</u>	<u>Master's</u>	<u>Doctor's</u>
1979-80	1,029	437	410	182	-
Men	477	218	176	83	-
Women	552	219	234	99	-
1978-79	902	367	362	168	5
Men	465	191	177	92	5
Women	437	176	185	76	-
1977-78	874	356	352	163	3
Men	426	177	158	89	2
Women	448	179	194	74	1
1976-77	997	374	423	195	5
Men	500	203	191	101	5
Women	497	171	232	94	-
1975-76	954	335	405	206	8
Men	516	191	209	109	7
Women	438	144	196	97	1
1974-75	999	297	470	222	10
Men	565	171	259	125	10
Women	434	126	211	97	-
1973-74	991	289	494	198	10
Men	601	173	295	125	8
Women	390	116	199	73	2

In addition, the University's community colleges awarded 725 certificates (444 GED, 95 ABE, 186 Others), down slightly from the 896 reported last year. Men continued to earn slightly more than one-half of the various certificates. The two-year summary data:

	<u>All Earned Degrees</u>	<u>GED</u>	<u>ABE</u>	<u>Others</u>
1979-80	725	444	95	186
Men	373	253	43	77
Women	352	191	52	109
1978-79	896	473	50	373
Men	465	240	21	204
Women	431	233	29	169

Additional details by institution, field of study, level of award, race and sex of recipient are contained in a forthcoming issue of the Office of Institutional Planning Research Report Series. Interested individuals should request Research Report 81-01 entitled "Degrees and Other Formal Awards, University of Alaska, 1979-80".

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Office of Institutional Planning
University of Alaska
February 11, 1981

SUMMARY OF CLOSING FALL SEMESTER CREDIT AND NONCREDIT ENROLLMENT
AND CREDIT HOUR DATA BY INSTITUTION 1978-80

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		Head- count	Credit Hours	FTE (1) Enroll- ment	Head- count	Contact Hours (2) Total	ABE	Others
TOTAL STATEWIDE								
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1979	160,041	24,348	142,612	9,616	6,783	17,429	10,212	7,217
1978	162,314	25,880	140,711	9,494	(3)	21,603	13,543	8,060
Total-Senior Colleges								
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1979	73,093	9,884	71,091	4,843	2,022	2,002	134	1,868
1978	67,690	10,150	65,728	4,489	(3)	1,962	-	1,962
UA-Anchorage								
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1978	57,201	8,306	45,857	3,057	(3)	11,344	9,518	1,826
Chukchi CC								
1980	- - -	C	L	O	S	E	D	- - -
1979	924	172	764	51	25	160	160	-
1978	481	143	431	29	9	50	50	-
Kenai Peninsula CC								
1980	6,611	1,044	6,360	424	192	251	159	92
1979	6,498	969	5,934	396	449	564	255	309
1978	6,153	1,134	5,703	380	336	450	187	263
Ketchikan CC								
1980	2,751	500	2,338	156	420	413	13	400
1979	2,674	626	2,425	162	169	249	47	202
1978	2,266	485	1,902	127	177	364	119	245
Kodiak CC								
1980	3,057	514	1,754	117	371	1,303	979	324
1979	2,871	557	1,782	119	475	1,089	369	720
1978	2,301	538	1,823	122	132	478	254	224

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Office of Institutional Planning
University of Alaska
February 11, 1980

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1979	2,662	545	1,892	126	286	770	292	478
1978	6,730	537	2,806	187	386	3,924	3,072	852
Matanuska-Susitna CC								
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1979	2,775	416	2,265	151	185	510	30	480
1978	2,230	355	1,763	118	259	467	-	467
Northwest CC								
1980	729	232	729	49	-	-	-	-
1979	726	134	726	48	-	-	-	-
1978	1,347	278	1,347	90	-	-	-	-
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1. A full-time equivalent student (FTE) is computed by dividing the number of undergraduate credit hours by 15 and the number of graduate credit hours by 12 and adding the two results.

2. The number of contact hours is computed by taking the total number of classroom hours and dividing by 15.

3. Data not available. Anchorage Community College did not report.

4. Includes 5,155 students (516 contact hours) reported in a lecture series on Alaska Native Arts and Artifacts.

5. Upper-division and graduate hours for community colleges are offered in conjunction with a sponsoring senior institution and are totaled in Rural Education.

UofA

Proposed Budget Amendments

(1)	1. Auxiliary Services (Fox/Auch)	\$ 1,714.6
(1)	2. Reindeer Research	407.4 G.F.
	3. UAF Athletics Amendment	100.0 G.F.
(1)	4. ACCET Amendment	982.5 G.F.
(2)	5. Volcano Research	27.0 G.F.
	6. Prince William Sound C.C.	424.0
	7. UAA - Academic Spt./Admin & Plant	55.0
	8. UAF - Intercollegiate Athletics	116.0 G.F.
	9. Comm. Colleges - Auxiliary Svcs.	65.0
	10. Anchorage Community College	200.0
●	11. UAF - Public Service	100.1
	12. Comm. Colleges, Rural Ed., Coop. Ext.	121.0
	13. UAF - Public Service (KUAC)	100.1
(3)	14. UAF - Moore Hall Dormitory	350.0 G.F.

- (1) Approved by the Governor and transmitted to the legislature
- (2) Turned down by Governor
- (3) Approved by the Governor



Director - Bill Zybach

Alaska Statewide Student Association

P.O. BOX 548
DOUGLAS, ALASKA 99824

REPRESENTING STUDENTS OF THE UNIVERSITY OF ALASKA STATEWIDE SYSTEM

POSITION PAPER

UNIVERSITY OF ALASKA BUDGET

As the representatives of organized students in the University System, we advocate the following position concerning the budget for the University. This position was unanimously adopted at the conclusion of the ASSA statewide conference in Juneau on March 1, 1981:

Whereas:

1. Alaska is a resource rich state with an underdeveloped but expanding economy. The best way to get the economy developed involves investment in physical infrastructure and human capital. The latter indicates spending more money on education.
2. Governor Hammond has stated that Alaska's people are its greatest resource.
3. The University of Alaska is the only institution that is really capable of developing individuals who are educated in and familiar with the specialized geographical, political and socio-economic conditions of Alaska.
4. In the Governor's proposed budget, the University received the smallest increase of any government agency.
5. Students recognize the need for an increased role in budget development and are cognizant of the efforts currently being employed by the University system to broaden student involvement.

Therefore:

ASSA supports full funding for the University Budget as proposed by the Board of Regents and such support is warranted in spite of certain disagreements the association has with some of the priorities established by the University. It is in the best interest of all students to lend general support to the request.

ASSA



Director - Bill Zybach

Alaska Statewide Student Association

P.O. BOX 548
DOUGLAS, ALASKA 99824

REPRESENTING STUDENTS OF THE UNIVERSITY OF ALASKA STATEWIDE SYSTEM

POSITION PAPER

APPROPRIATION FOR UNIVERSITY LIBRARIES

As the representatives of organized students in the University System, we advocate the following position on supplemental funding for the University system libraries. This position was unanimously adopted at the conclusion of the ASSA statewide conference on March 1, 1981:

Whereas:

1. We recognize the essential role the library system has in higher education and are cognizant of the continual difficulty related to budgeting for the needed library services.
2. We believe that additional funding for libraries is needed and can help alleviate some of the problems associated with the libraries.

Therefore the following action should be taken:

1. The University of Alaska FY 82 budget should be amended to include the following:
 - \$74.2 thousand for the UAJ Library in supplies/equip/services
 - \$100.0 thousand for the UAF Library for books and equipment
 - \$230.0 thousand for UAA Library book purchases to assist in meeting accreditation goals for books by 1990 (in addition to the current \$24,000 appropriated, this is \$80,000 above the Regents request which was cut by Gov.)
2. In the future, the University budget should include library allocations at a high enough priority to avoid the perennial problem of these items being cut from the Universities' priority list and subsequent underfunding which necessitates supplemental legislative funding.

ASSA



Director - Bill Zybach

Alaska Statewide Student Association

P.O. BOX 548
DOUGLAS, ALASKA 99824

REPRESENTING STUDENTS OF THE UNIVERSITY OF ALASKA STATEWIDE SYSTEM

TESTIMONY
UNIVERSITY BUDGET
BEFORE THE
MEMBERS OF THE FINANCE COMMITTEE
MARCH 1981

My name is Bill Zybach and I am here as the Director of the Alaska Statewide Student Association. I am a full-time student at the University of Alaska.

The Association represents the interests of students in postsecondary educational institutions in Alaska. On March 1st, we concluded a 2 day statewide conference and I would like to present to you our united position on the University Budget.

For the last four years, since our organization was established, we have come to the legislature and made requests for additions and modifications to the University of Alaska's Budget, and we are doing that again this year.

However, the era of students coming to the legislature and requesting these changes in the Budget may be ending. This is for two reasons.

First, the Statewide Student Association has become a very effective means of educating students regarding the budgetary process and as a result, all of the student associations are developing more adequate and even sophisticated methods of budget planning and priority development within the system. The second, and most significant, is that through organizing students and developing a coherent student voice, the Alaska Statewide Student Association has made tremendous inroads toward student participation in University Policy and Budget decision making. This is a goal that student associations around the state have been working toward for many years.

4 years ago, we had only one student on a Chancellor level Policy and Budget Committee; today we only have 1 campus which does not have a student in this role.

4 years ago we had no students involved in the statewide administration; today we have a student on the University Statewide Policy and Budget team and two students on the University Planning Council.

Most of our successes in student participation have occurred during the past year, and we see indications of this role expanding. If the expansion of this role continues, the needs of students will be met within the system

ASSA

thus alleviating the need to circumvent the process and go to you, the Legislature, to be heard.

The Statewide Student Association's objective this year has been to get student involvement in all levels of the university decision making process. We believe that as consumers, our interests should be heard, and that often we are not draped with extraneous pressures which detract from purely educationally oriented goals; this is often the case with administrators, faculty and staff members. In short, it is our simple, but unequivocal belief that the University of Alaska is here for the students. In that belief we have actively pursued student oriented objectives. Thus we believe the first factor in increased student involvement has been the organized advocacy of student interests through the Statewide and local Student Government Associations (SGA).

The second factor which has impacted student participation is the role President Barton has played in addressing and advocating student involvement. President Barton is the first executive of the University since the late forties to recognize and facilitate student participation in the development of the University. During the past five years, I have studied the history of student government at the University. I have learned a great deal about the role students have played in the University since the first SGA was organized in 1947.

I was a Charter Member to the first statewide organization in 1977. At that time we organized because of the lack of an effective student voice in the University System; now, 4 years later, through the efforts of ASSA and Dr. Barton, we are beginning to achieve our goal of student participation. What this participation means, and if the policies and efforts that Dr. Barton has implemented succeed, the students will be an integral part of the University system, and student interests will be served through the system, rather than outside of it.

Not only have the students seen indications of reform from the President's office, but we have also seen greater responsiveness on the part of the Board of Regents. This has been to a large degree a result of the efforts of Regent Tim Burgess. For the first time, the student regent has the respect of both the students and the other members of the Board of Regents.

We are hopeful that the interaction and support of the ASSA, the President and the Board of Regents will result in a more responsive University system. President Barton has recognized that student interests and other interest of the University are diverse and for the first time, through the University planning system, we can integrate these interests. He has developed a good plan to accomplish this. Students will be included in the budget development process from the department level up. Student involvement will be expanded at all levels. Budget hearings will be held on campuses to allow all members of the University and the public to indicate their interests. Once we are sure that student interests are reasonably considered in the budget and policy development of the University, the scope of our lobbying efforts outside the University system concerning the budget will be greatly reduced.

Because of the positive changes we have seen this year, the students of the state at their statewide conference March 1st, voted unanimously to support full funding of the University budget as requested by the Board of Regents. We also voted for additional funding for Libraries.

Many of you have already heard from local student representatives and many but not all of their priorities are to retain budget requests made by the Board of Regents.

For your information the following are the local priorities of the Student Governments of UAA, UAF, UAJ, ACC, TVCC and Mat-Su CC.

UAA:

1. Funding for faculty positions cut by the Governor
2. Funding for Student Support Staff on Admissions & Records cut by the Governor.
3. Funding for Library Books and Periodicals cut by the Governor.

UAF/TVCC:

1. Funding for Student Support Staff in the Financial Aid Office.
2. Funding for Student Positions in the Athletic Dept.
3. Renovation of 2nd Floor Moore Hall.
4. Funding for Statewide instructional equipment.
5. Funding for Student Typewriters.
6. Renovation of the Athletic facility.
7. Support for the Festival of Native Arts.

UAJ:

1. Funding for Library Support Staff and student related equipment.
2. Funding for student housing

AOC:

1. Full funding for University Budget
2. Funding for additional library books.

Mat-Su CC:

1. Funding for instructional equipment.
2. Funding for new water well.
3. Paving of entrance road.
4. Replacement of carpet.
5. Emergency generator.
6. Administrative equipment.

F O R I M M E D I A T E R E L E A S E

Finance Committee
University of Alaska Budget
Juneau, Alaska
March 17, 1981

I am Dr. Theresa Nangle Obermeyer. I do not want to take up much of your time today but I feel that after almost three years of my efforts to resolve the damage that has been done to my career and reputation that this time is important to our mutual efforts to work together toward improvement of public higher education in the State of Alaska.

I would very briefly like to summarize my appeals to be treated in a legal manner by the State of Alaska agencies and the Attorney General's Office.

I am an American citizen. I have a Ph.D. and thirteen years of experience in various parts of the United States in education. I have been an administrator at four institutions of higher learning before coming to the State of Alaska. I also am a judge's daughter and five members of my immediate family are attorneys. I feel that I have a firm grasp of legal matters but I find that every principle that I have revered in my life has been made a mockery by the University of Alaska.

I came to Anchorage Community College of the University of Alaska in 1978 to find that my subordinate, Jon Baker, admitted to me the first month of my employment that he had accepted at least one bribe for an Associates Degree. I acted in a responsible manner about this criminal admission by alerting the chain of command including Patrick O'Rourke immediately about what I had been told by Jon Baker who was responsible for all national testing at that time. Then, I was terminated and locked out of my office with no explanation. I to this date do not know what the reasons were for the illegal treatment I have received. I have never been afforded the most basic right I as an American citizen have under the Constitution of the United States; that of due process. I have found that the Attorney General's Office has shown gross negligence by doing nothing about the allegations I brought before the Criminal Division almost a year and a half ago.

Now, I am compelled to bring this matter before you not only for myself and my career but for the lives of many students who have no alternative but to attend the University of Alaska.

Page 1 of 2

I feel that we must work together to make certain that children in the State of Alaska are able to learn the skills that they need and deserve in order to become productive citizens of our state.

The charges that I have been sending you correspondence about as Alaska State Legislators for a number of years have been attested to as truthful because of the inaction and deliberate negligence of those in authority. I feel very strongly that the attorneys in the Alaska Attorney General's Office as well as the Regents and the chain of command have intentionally implicated themselves in wrongdoing and criminal activity by doing absolutely nothing to investigate the details of this matter which has been pending for all of this time.

I know that each of you value a person's word. What would you think if the Chief Justice of the Alaska Supreme Court who is supposed to be the embodiment of truth and law reneged on his word to you? This is exactly what Chief Justice Rabinowitz did twice to me. My husband and I met with Judge Rabinowitz on May 21, 1980 at which time I was informed by Judge Rabinowitz that he would contact the Regents and arrange for my reinstatement. Nothing happened until I received a letter from the Chief Justice stating that he would bring this situation before the State Supreme Court for review. He went back on his word a second time as I was informed by Judge Rabinowitz on October 16, 1980 that he had not done what he had written to me he would do.

I would like to praise some of the good and well-meaning educators employed in the University of Alaska system who are at a loss to know how to work constructively to improve this unwieldy bureaucracy. I believe it is the system itself that creates the overwhelming problems that the University of Alaska now faces.

As I look around this room and see Mr. Rasmuson, the Regents, and administrators of the University of Alaska, I honestly and sincerely believe that if some of these men could know how destructive the University of Alaska is on young lives that they could not in conscience allow their names to be involved in this folly that is being labeled higher education.

In conclusion, I would like to respectfully ask you now what you might propose to me in resolution of this matter so that I may restore my career and reputation in order that I may work positively toward the improvement of higher education in the State of Alaska.

Page 2 of 2

3000 Dartmouth Drive
Anchorage, Alaska 99504
278-9759

HOUSE FINANCE COMMITTEE

March 19, 1981

1:40 p.m.

(Tape HFC 81-22, side 1 #001.)

PRESENT

All Members of the Committee were present except Representative Meekins. (Representative Buchholdt arrived later in the meeting.) Present to Provide Testimony were: Representative Miller; Terry J. McGuire, Director of Finance, Alaska Power Authority; Dave Hutchins, Alaska Rural Electric Cooperative Association; and Rose Palmquist.

CSSB 174 (fin)

Chairman Cotten called the meeting to order and brought CSSB 174 (fin) up for consideration:

CSSB 174 (fin) -- "An Act making supplemental appropriations to the Alaska Power Authority; and providing for an effective date."

Chairman Cotten explained that Section 1 of the bill appropriates \$1,050,000 to the Alaska Power Authority (APA) for the power production cost assistance program, and Section 2 appropriates \$2,540,000 to the APA for cost overruns on the Susitna River feasibility study.

MR. TERRY MCGUIRE, Director of Finance, Alaska Power Authority explained that Section 1 is to help defray their assistance in payment of power production costs to needy parties in rural areas of Alaska. He explained the Governor reduced the original appropriation by \$1.4 million. He said the program became operational in September and participation in the program has grown from month to month. He advised they have notified the participants that assistance will be reduced in the current month by 40% because they are running out of funds. Chairman Cotten asked if this was the first month they have reduced the allocation. Mr. McGuire said yes. He said they have already notified the participants that there will be no assistance after April 1 under the current appropriation.

Chairman Cotten asked if the bill were to pass, would they still have to reduce the March allocation by 40%. Mr. McGuire said it would have to remain reduced by 40%. He said the APUC has advised them they cannot go back and rebill their customers for a bill already paid. Chairman Cotten asked if they had no contingency plan for the expectation of additional funding. Mr. McGuire said they could not count on the additional funding being

made available. Chairman Cotten asked if the appropriation would allow for 100% funding of the program for April. Mr. McGuire said yes.

Representative Malone requested a breakdown on how the \$1.5 million was calculated. Mr. McGuire will provide him with that information.

There was further discussion on the reason for the 40% reduction for the month of March. Chairman Cotten wondered if they could add to the appropriation bill to allow them to pay at 100% for the month of March also. Mr. McGuire said he raised this issue with the Public Utilities Commission and was informed that it would not be possible or legal for them to do that. He said the problem is that, being responsible for the administration of those funds, if this Bill was not approved or if the Governor didn't support the bill, they don't have the funds to pay the Utilities, and this causes a burden to the Utilities. There was further discussion.

MR. DAVE HUTCHINS, Alaska Rural Electric Cooperative Association, said the action taken so far by the APA has been consistent with the statutes and necessary in the sense that, if they had not provided notification when they did, there would have been some utilities that would not be able to collect their entire March bill. He said he sees no reason why they couldn't flow through to the consumer on their April billing the other 60% of assistance they should have had in March. He suggested that may require a statement of Legislative Intent. He reiterated they cannot go back and rebill, but they could do the same thing by making an adjustment to a subsequent billing. There was brief discussion.

Mr. McGuire explained that Section 2 of the bill provides a supplemental appropriation for the Susitna Feasibility Study. He explained the additional funds are needed because: (1) the appropriation for the study was reduced in FY 81; (2) there have been changes in the scope of the study that have increased the costs of the study; and (3) there has been escalation in the costs of support activities (fuel, transportation, etc.) that was not included in the original bill.

In answer to a question from Representative Rogers, Mr. McGuire said he didn't know if the Governor had introduced a supplemental bill for the Study yet; but he understands the Governor is supporting this.

Representative Rogers requested a breakdown of the additional costs. Mr. McGuire presented a table showing the Susitna Hydro Projects cash flow projections through June 30, 1982 (see attachment #1). There was brief discussion on the table. Representative Rogers expressed concern over this 17% increase above what was appropriated last year. He said he is concerned with how rapidly these major add-ons have come. Mr. McGuire commented on the original appropriation, and advised they are

requesting \$13.019 million for FY 82. He explained that figure includes \$1.72 million which is a rough estimate for Phase II of the Study. He said their actual request is approximately \$11.3 million. Chairman Cotten asked if the \$1.72 million was for FERC licensing. Mr. McGuire said no. He explained they anticipated five years of study for filing the FERC license applications. He explained in April 1982 they have to submit a report on whether a FERC license should be submitted. He said many study activities should continue while that licensing is proceeding. He said they anticipate it taking 2 1/2 years to receive the license, and during that time they would like to be prepared to enter into contracts if the license is approved. They feel it is more advantageous to proceed with the design phase. Mr. McGuire pointed out that all these budgets are estimates, and the scope of the study is in a constant state of change. He advised he expects a request for a supplemental in FY 82 to complete the Phase I portion. He said he is already aware of additional expenses that are going to be necessary.

(Representative Buchholdt arrived at this time.)

Committee members expressed concern regarding the cost over-runs. Representative Rogers asked if, based on where they were now, Mr. McGuire believed the project was feasible. Mr. McGuire said he can only state they have not discovered anything that is not feasible yet.

Representative Moss asked how many Fish and Game employees are on the state budget for Susitna. Mr. McGuire said the fish and game studies are being administered through a Reimbursable Service Agreement with the Department of Fish and Game. He said they are mainly gathering base-line data in the fish and big game areas. Representative Moss commented on the large number of Fish and Game employees. He said he thinks the Legislature needs to look at Fish and Game's operation. He wondered if they needed this \$500 extra. Mr. McGuire said approximately 15-20 employees are capital funded positions for Susitna. In answer to a question from Representative Haugen, Mr. McGuire said this activity of having Fish and Game perform base-line data calculations is over and above the normal operating budget requirements of Fish and Game. He said the positions were addressed through the Division of Budget and Management process. He feels they are a legitimate cost to the Susitna studies. Representative Haugen said he didn't disagree with that, but he thought the positions should be looked at.

Representative Rogers said there are a number of CIP positions coming through APA these days. He commented the Legislature has been loading the APA with projects to the point where they are stretched to their limits. He said he didn't want to see them turned into another Department of Transportation. He advised that currently they have 16 people on board -- 8 full time and 8 CIP. He suggested looking into those CIP positions. He said the 8 full time positions are not enough for the amount of work they are being asked to do. Representative Rogers said he has a

reorganization plan for their activity which would give them 15 full time and 2 CIP positions. He advised he intends to move an amendment to the Bill to appropriate funds to APA for the cost of establishing those positions so there is no delay in APA projects.

Chairman Cotten said he would like Representative Rogers to make his motion; and he would then appoint a SUBCOMMITTEE to consider the bill and proposed amendments.

Representative Rogers MOVED that a new section be added to state "The sum of \$212,500 is appropriated from the general fund to the Alaska Power Authority to cover the cost of new positions for the fiscal year ending June 30, 1981." Representative Rogers advised this amount would cover the costs of the positions from April to June. He said the intent is that they could go out and hire in advance of the next fiscal year.

Chairman Cotten APPOINTED A SUBCOMMITTEE to consider amendments to CSSB 174 (fin), and to come back to the Committee with its recommendation at Monday's meeting. He appointed Representative Rogers (Chairman), Representative Moss and Representative Haugen.

(Tape change, HFC 81-22, Side 2.)

There was further discussion on the Susitna feasibility study.

RECESS

A recess was called at 2:30 p.m., and Chairman Cotten recalled the meeting to order at 2:35 p.m.

HB 4

HB 4 -- "An Act providing for reimbursement of taxes paid to a municipality for real property owned and occupied as a permanent place of abode; and providing for an effective date."

Chairman Cotten said there are four bills in Committee dealing with the broad subject of municipal assistance. In addition to HB 4, they are:

HB 201 -- "An Act making special appropriations to the Department of Revenue to provide partial interest payments on municipal bonds as a general fund subsidy to local government; and providing for an effective date."

SB 125 am -- "An Act making supplemental appropriations to the Department of Community and Regional Affairs and the Department of Revenue for programs which provide state financial assistance to municipalities and other recipients; and providing for an effective date."

SB 137 -- "An Act approving issuance of revenue bonds by the Alaska Municipal Bond Bank Authority; and providing for an effective date."

Chairman Cotten said SB 125 budgets for shortfalls, and the other two bills have to do with Municipal Bond Bank assistance. He said the Committee would be considering all the municipal assistance bills; however, they only had enough time to receive testimony on HB 4 today. He advised Representative Miller is the prime sponsor of HB 4.

REPRESENTATIVE MILLER said HB 4 provides them with an opportunity to provide tax relief to taxpayers across the State. He said renters as well as home owners pay property tax. He said it is a property tax relief measure in that the State would assume the burden of refunding the amount of property tax a person pays for his year around home.

Representative Miller said he also supports SB 125. He said he didn't see the two bills as being in competition with one another -- HB 4 gives relief in the form of a refund directly to the taxpayer; while SB 125 gives relief and assistance to municipalities. Representative Miller believes SB 125 is a good measure and is well deserved, but it doesn't do the same thing that HB 4 does.

Representative Miller explained HB 4 says the State will assume the obligation of paying property taxes for the residents of this State. It does this in the form of a refund. Concerning the rental portion of the Bill, Representative Miller said the Department of Community and Regional Affairs has found this to be an equitable way to handle rentals under the property tax refund for senior citizens. He explained if a person lives in a community where the property tax is 10 mills, 10% of what he pays in rent will be refunded. He said this works out to be just about the amount the property owner pays the municipality.

Representative Miller said he thinks the bill could be improved in one respect: he suggested the Committee consider the retroactive funding that was in the original bill and taken out in the Community & Regional Affairs Committee. He said administration suggested it would be too complicated to compute the 1979 tax burden and provide refunds. Representative Miller said the feeling was that it would create a lot of red tape, but he thinks that misses the point. He explained the burden of proof is on the person who wants the property tax refund; it is not going to be up to any municipality to send out notices or letters. He suggested it is a burden that taxpayers of the State would be willing to assume in order to get a refund. He commented further.

Representative Miller said their original thought in drafting the legislation was to send one check to each municipality and prevent them from levying a property tax. He said there was a fear that action would take the bonding ability away from a

municipality. He said they decided a person would write his check and send it to the municipality and then be reimbursed by the State. He said going through the process of paying out those dollars would make a person aware of what his local government is costing him. He commented the question raised is "will doing this tempt the municipality to double its tax?" Representative Miller said he didn't think that would happen because (1) a person will have to write out a check; and (2) this does not reimburse all taxpayers -- it doesn't reimburse taxpayers for commercial property. He said everyone they have heard from agrees that the business community is the strongest brake there is on raising taxes.

Representative Miller commented that if SB 125 passes and as a result property taxes are lowered, it will lower the fiscal note on HB 4.

Representative Malone asked, in the section dealing with reimbursement of property taxes, to what extent did the Community & Regional Affairs (C&RA) Committee give consideration to the idea of having the municipality forward to the Department proof that property taxes were paid. He said for most communities it wouldn't be a burden, since all the information is on computer. Also, Representative Malone said he has a problem with the section dealing with the definition of "abode". He asked why they limited it on the basis of acres. Representative Miller said this was inserted at the suggestion of the C&RA Committee. He said they were very concerned to make this apply only to people under 65. He said the feeling of that Committee was that for people under 65 a substantial amount of commercial speculation might be involved in holding onto a property, and it was not the purpose of this proposal to give tax relief for speculative holdings. As for the difference between "rural" and "urban", Representative Miller said he thinks the feeling was that if a younger person was holding more than five acres in an urban area it might more likely be for speculative purposes.

Concerning Representative Malone's first question, Representative Miller asked if he was suggesting that a community would send a list of all property tax payers to the State and the State would then send reimbursement to all taxpayers. Representative Malone said the municipality could send its computer tape and the State could then send the check out. Representative Miller encouraged him to pursue that course if it could be done. He said the problem he has with that approach is that the computer can't tell the difference between a residence and a rental property.

Representative Freeman said he is starting out with the idea that the only reason such a proposal is before the Committee is because of the large amounts of money available from the oil wealth, and that wealth belongs to everyone. He said he believes that belongs equally to each Alaskan citizen, no matter what type of home he lives in or what his lifestyle is. He asked where the equity was in picking up the tab for one person on a \$30,000 home and another with a \$200,000 home. Representative Miller said the

equity is approximately the same as they had when they passed the income tax bill last year. He agreed the wealth belongs to all the people. He said the thinking is also that the property tax is a "rotten tax to begin with, and the income from it is not necessarily equitable." There was further discussion between Representative Freeman and Representative Miller.

Representative Montgomery commented on the supplemental equalization aid given to various school districts, and he wondered if lowering of property taxes could jeopardize those funds. Representative Miller pointed out this bill doesn't do anything to a municipality's taxing authority or taxing levies -- the municipality would tax in exactly the same way they do now. He explained the only difference is the individual would get a refund from the State. He said the business community would not get a refund check; also, landlords would not get refund checks. He said the bill has nothing to do with tax rates. Representative Montgomery recommended this be considered in light of any of these tax bills.

(Tape Change, HFC 81-23, side 1.)

Representative Carney commented when he pays his property taxes, his home is on 150 acres, and he doesn't know how he can break that down. He said he didn't see anything wrong with reimbursing taxes for the whole parcel that a home sits on. Representative Miller commented this section was not in his original bill.

Representative Freeman said they appear to be justifying one unequal program with another.

Representative Moss agreed with Representative Montgomery that there is a possibility that some of these tax bills may affect the supplemental equalization aid to school districts. He advised he is checking into this and he will report back to the Committee when he has additional information.

There was brief discussion on the portion of the bill that provides a refund for renters.

Representative Adams asked if they had considered equivalent payments. He said residents in rural areas of the State who do not pay property taxes are not eligible. He said this bill discriminates against people living in areas where there is no property tax. Representative Miller explained he charges his renters additional money because he has to pay a property tax on that location. He said if he didn't have to pay the tax, he wouldn't have to charge as much rent. He said people in an area that has no property tax are not paying the tax via their landlord and, presumably, their rents are lower.

Representative Buchholdt asked if a person paying the rent for an elderly parent would be able to receive a refund. Representative Miller said he thinks that would be much easier handled if the person gave a rent check to the parent and had them pay the rent.

He suggested cases like this could best be handled on an individual basis.

Representative Buchholdt asked what would happen if a person owned a residence in Anchorage, but lived and paid rent in Juneau for half a year. Representative Miller explained a person can only get reimbursed for the place he is living in for a given month. He said a person couldn't get property tax relief plus rental tax relief.

Representative Cotten said they are talking about real property. He pointed out Anchorage classifies mobile homes as personal property. Representative Miller said that is addressed in the Bill, and the representative from C&RA could better explain where.

Representative Rogers said the legislation doesn't address what would happen if the Legislature doesn't appropriate enough money to make all the reimbursements. Representative Miller said he guessed the assumption was made that the Legislature would appropriate enough money. He said he thinks if they are going to enact the legislation, they should keep their promises; otherwise they should scale down the benefits rather than funding at a smaller figure. Representative Rogers said his concern is that the budget is getting more and more formula funded, and at some point in the future the legislature might find itself without the ability to fund the payments.

Representative Rogers said he understands the intent behind providing tax relief; but this is a tax the State doesn't levy. He said it seems it is becoming more and more that "the haves get, and the have-nots get-not".

Representative Miller said he is sure the municipalities would prefer to levy an income tax, but the property tax is "the only game in town". He commented further.

Representative Rogers said it would seem they could give the municipalities more money, and there would be no question that would serve a public purpose. He suggested that transferring the State's wealth to private property owners could raise some public purpose questions. There was brief discussion.

(Representatives Malone and Buchholdt left at this time.)

MS. ROSE PALMQUIST, advised she mainly represents senior citizens and people who are retired. She said the people she has been talking to are strongly in favor of HB 4. She said they look at the benefits older Alaskans have been getting and think they should be extended to all home owners. Ms. Palmquist said it is the home owners who are the stable community members, and there is a certain logic to giving consideration to those people who maintain homes in this State. Concerning the C&RA amendment that would limit this to not more than one acre in the city or five in rural areas, Ms. Palmquist advised they fought for the

elimination of that for the over 65 group, so whatever land connected with a home is exempt. She said she sees no problem with that. She suggested that people trying to develop a raw piece of ground should have their entire piece of property included.

Ms. Palmquist said she wished to emphasize that the other bills giving lump sum grants to communities should not be a main consideration; the main consideration should be relief to the people bearing the burden of maintaining communities. She said she sees nothing wrong with the State using some of its wealth in this manner and putting the money in the hands of individuals. She said she didn't agree with Representative Freeman that the wealth should be spread evenly to everyone, because everyone doesn't contribute evenly to a community.

Representative Rogers asked if she thought the owner of a \$250,000 home contributed ten times as much as the owner of a \$30,000 home. Ms. Palmquist said the owner of a \$250,000 home pays more, so he has contributed more to the maintenance of the community. She said he is only being reimbursed for what he put out.

Representative Freeman suggested there were two people of the same age, one living outside the boundaries of a borough, without a subsidized loan on his home, not paying taxes for paved streets, and not receiving any benefits from the municipality; and the other living within a borough. He said when it comes time to divvy up the State bonanza, should we give money only to the person who owns the \$250,000 home and pays his taxes? Ms. Palmquist responded that years she moved outside of Anchorage, got a little piece of land, and paid no taxes; yet whenever she went into town she benefited from all the services provided because other people paid their taxes. She said that was her choice, and for many years she lived the kind of life she wanted and paid no taxes. She said now she lives in town and enjoys the benefits the town provides, and she pays for those benefits. She said she doesn't agree with Representative Freeman that the person living in the country necessarily deserves the same benefits as the person living in town. She said she does agree that the oil wealth belongs to everyone. She said the Legislature has set a precedent by repealing the income tax. She suggested that if a person lives outside a community because he doesn't want to pay taxes, she doesn't think that person has a gripe.

Representative Freeman and Ms. Palmquist continued to debate the issue. Ms. Palmquist said the people she communicates with are all for a property tax rebate. Representative Freeman said the state income tax was money the people earned and paid to the State to provide services. He said he is willing to give people some of the money to pay taxes, but he wants it to be on an equitable basis.

ADJOURNMENT

Chairman Cotten thanked Ms. Palmquist for testifying before the Committee. The meeting adjourned at 4:00 p.m.

Tape HFC 81-22, side 1 #001 to end
 side 2 #001 to end
HFC 81-23, side 1 #001 to #654

SUSITNA HYDRO PROJECTS
CASH FLOW PROJECTIONS THROUGH JUNE 30, 1982

		Cost of Project	FY 1980 & 1981	FY 1982
Cash Flow Jan. 1980		~~112~~		4/0 10,197.56
Estimated Cost of Project		29,612,280 X	19,414,718	10,107,561
Program Changes or Additions				
(1)	Liability Insurance	47,000	47,000	
(2)	Task 3, Acres additional work related to USGS	52,100	26,000	26,100
(3)	Task 6, System Planning	220,000	220,000	
(4)	Task 6, Tussing Changes	200,000	200,000	
(5)	Task 11, Tussing Changes	100,000	100,000	
(6)	Task 7, Mr. Trihey	125,000	62,000	63,000
(7)	Task 7, ADF&G Accelerated Studies	268,100	218,100	50,000
Task 7, ADF&G Add'l costs for salaries & increases and Transportation:				
(8)	Big Game	96,000	48,000	48,000
(9)	Fisheries	90,200	45,200	45,000
(10)	Increased Escalation due to increased costs	91,465	60,000	31,465
		<u>1,289,865</u>	<u>1,026,300</u>	<u>263,565</u>
Escalation on costs controlled by Alaska Power Authority not computed on Cash Flow Jan. 1980		311,000	73,000	238,000
Camp operation, fuel and transportation , costs overrun and extraordinary escalation		900,000	300,000	600,000
Phase II funding requirements in FY'82 (Apr - Jun 1982)				
(1)	Fuel	300,000		
(2)	Helicopter costs	300,000		
(3)	Camp Operations & Maintance	120,000		
(4)	ADF&G	300,000		
(5)	Acres & Other Subcontractors	<u>700,000</u>	<u>1,720,000</u>	<u>1,720,000</u>
Total Cost of Project		33,833,145X	20,814,018	13,019,127
Funds Received To Date (FY'80 8,178,000)		<u>18,273,800</u>	<u>18,273,800</u>	<u>-0-</u>
(FY'81 7,000,000)				
(FY'81 3,095,800)				
Funds to be applied for as of 7/15/80		15,559,345	2,540,218	13,019,127

SUSITNA HYDRO PROJECTS
CASH FLOW PROJECTIONS THROUGH JUNE 30, 1982

Cash Flow Jan. 1980
Estimated Cost of Project

Program Changes or Additions		
(1)	Liability Insurance	47,000
(2)	Task 3, Acres additional work related to USGS	52,100
(3)	Task 6, System Planning	220,000
(4)	Task 6, Tussing Changes	200,000
(5)	Task 11, Tussing Changes	100,000
(6)	Task 7, Mr. Trihey	125,000
(7)	Task 7, ADF&G Accelerated Studies	268,100
	Task 7, ADF&G Add'l costs for salaries & increases and Transportation:	
(8)	Big Game	96,000
(9)	Fisheries	90,200
(10)	Increased Escalation due to increased costs	91,465
		<u>1,289,865</u>

Escalation on costs controlled by Alaska Power
Authority not computed on Cash Flow Jan. 1980

Camp operation, fuel and transportation ,
costs overrun and extraordinary escalation

Phase II funding requirements in FY'82
(Apr - Jun 1982)

(1)	Fuel	300,000	
(2)	Helicopter costs	300,000	
(3)	Camp Operations & Maintance	120,000	
(4)	ADF&G	300,000	
(5)	Acres & Other Subcontractors	<u>700,000</u>	1,720,000

Total Cost of Project

Funds Received To Date (FY'80 8,178,000)
(FY'81 7,000,000)
(FY'81 3,095,800)

Funds to be applied for as of 7/15/80

3/19/81

299

Attachment #1

HOUSE FINANCE COMMITTEE

March 24, 1981

1:55 p.m.

[Tape HFC 81-23, Side 1, #654]

PRESENT

Chairman Cotten Called the meeting to order at 1:55 p.m. All members of the Committee were present. Representatives Buchholdt, Meekins and Adams arrived later in the meeting. Also in attendance: Representatives Ben Grussendorf and Tony Vaska; Palmer McCarter, Director, Division of Local Government, and Terry McGuire, Director of Finance, Alaska Power Authority, Department of Community & Regional Affairs; Bob Greene, Association of Alaska School Boards; Ginny Chitwood, Executive Director, Alaska Municipal League; Rick Barrier, Deputy Administrative Director, Alaska Court System; Lisa Parker, Administrative Assistant to Chairman Cotten; Elmer Lindstrom and Bob Schroeder, Fiscal Analysts, Division of Legislative Finance.

CSSB 174 (FINANCE)

Chairman Cotten advised the first order of business is consideration of CSSB 174 (Finance):

CSSB 174 (Finance) - "An Act making supplemental appropriations to the Alaska Power Authority; and providing for an effective date."

(Representative Buchholdt arrived at this time.)

Representative Rogers provided an overview of the subcommittee recommendations on the House Finance Committee Substitute for CSSB 174, including the Letter of Intent, as drafted by Terry McGuire (see Attachment 1). The bill adds \$120,000 for the Power Production Cost Assistance Program, he advised, and involves a total of 17 new positions, 2 being CIP conversions. The Letter of Intent allows power assistance reimbursement for March and April, he said.

In response to a question regarding Alaska Public Utilities Commission reaction, Terry McGuire indicated he was informed last week by APUC there would be a problem, but in subsequent meetings, it has been worked out. Representative Haugen requested a breakout of the reimbursable from the Department of Fish & Game, and Mr. McGuire said he would provide that information for the Committee. There was brief discussion on the March and April shortfall.

HCS FOR CSSB 174 (FINANCE) REPORTED OUT

Representative Haugen moved to report out the House Finance Committee Substitute for CSSB 174 (Finance) with Letter of Intent attached. Representative Rogers again called attention to the positions in the bill that are for FY 81 and not FY 82. There being no objection, it was so ordered. HCS for CSSB 174 (Finance) with Intent was reported out with a "do pass" recommendation.

(Representative Adams arrived at this time.)

HB 4

Chairman Cotten brought HB 4 up for discussion:

HB 4 - "An Act providing for reimbursement of taxes paid to a municipality for real property owned and occupied as a permanent place of abode; and providing for an effective date."

Representative Grussendorf, chairman of Community & Regional Affairs Committee, provided an overview of the C&RA CS for HB 4. The bill basically addresses property tax, he said; it is not a municipal assistance or shared tax bill. (see Attachment 2)

{Tape HFC 81-23, Side 2, #001}

Representative Grussendorf explained the advantages of a rebate program such as this and advised the total package, renters included, is about \$600 million. He stated he feels the benefits far outweigh the administrative costs. "This is an attempt to get directly to the property taxpayer," he continued.

Representative Moss expressed concern this might cause some difficulties in the school foundation funding. There was discussion on the millage rate. Representative Grussendorf said he doesn't think this will affect the foundation funding. Chairman Cotten pointed out there are two distinct issues being considered: property tax relief and other municipal assistance. The fiscal note on HB 4 would be reduced if SB 125 were passed, he observed. Representative Grussendorf stated it is the initial cost that is expensive; then it would amount to about \$50,000.

(Representative Meekins arrived at this time.)

SB 125am

Chairman Cotten asked Representative Grussendorf to address the C&RA HCS for SB 125:

SB 125am - "An Act making supplemental appropriations to the Department of Community and Regional Affairs and the Department of Revenue for programs which provide state financial assistance to municipalities and other recipients; and providing for an effective date."

Representative Grussendorf advised this is a one-shot deal that fully funds municipal assistance. This was fully funded, then cut by the Governor, he said. He advised of a third section added by Senator Sackett relating to the REA villages but was dropped by in the C&RA CS because HB 374 and HB 395 already deal with this. During discussion, Chairman Cotten indicated he feels there may have to be an amendment under Title 43.21 if this is to be fully funded.

At this time, Palmer McCarter presented testimony on HB 4, indicating he would prefer to address his remarks to the fiscal note. He advised they have been working with the Department of Revenue and now have a very good plan should this bill pass. Referring to Representative Miller's testimony before the C&RA Committee, Mr. McCarter still argued against a retroactive effect on HB 4 and advised they would need to amend their fiscal note if the Finance Committee amends the C&RA CS. He stated he feels all the administrative doubts are taken care of in the C&RA CS. In answer to a question from Representative Rogers regarding property tax reimbursement, he indicated it would be easier to administer this program by notifying every person who owns or rents a home.

There was discussion on reimbursement versus exemption. Representative Meekins stated that, by making this retroactive, "we reduce the burdensomeness of people having to wait till next year (before) they are reimbursed." Mr. McCarter replied sometimes they receive a bill that may include several rentals within the property, and the problem is in separating how much of this is where the person lives and how much is for rentals, etc. He also noted most property tax is paid or impounded through the escrow and mortgage account, and most people never deal with a property tax bill. It can be done, he indicated, but it is going to be difficult having to go back to prior years on how much is owner's liability and how much is renter's liability. There was further discussion on why property tax couldn't be handled in the same manner as personal tax. Representative Meekins commented he feels "we shouldn't consider the difficulty in making this; (but) should just deal with policy."

Representative Rogers asked if the Department has done any preliminary study-work on what the communities are going to do with money received with the passage of SB 125. He requested a copy of this information. Mr. McCarter pointed out this fiscal

note does not assume passage of SB 125; this fiscal note presumes current tax level. There was discussion on clarification of the differences between HB 4 and SB 125.

(Representative Rogers left the meeting at this time.)

Mr. McCarter indicated they do strongly support passage of SB 125, which significantly increases the municipal assistance fund. He stated he feels that, by its passage, most municipalities would reduce their property tax and provide some relief.

Chairman Cotten asked how much to fully fund the municipal assistance fund for FY 81, and Mr. McCarter indicated he didn't know the total. During discussion, Chairman Cotten said he suspects \$83.9 million should go into that to fully fund under Title 43.21.

Representative Moss requested Bob Greene testify on the impact this would have on the school foundation funding. Mr. Greene advised the Committee this would have an impact on supplemental equalization aid, affecting approximately \$26 million of State support and all 51 school districts. He explained how the supplemental equalization aid is determined. "If people pay less taxes, the supplemental equalization aid will go down; therefore, State support will be less," he said. He read a suggested amendment (see Attachment 3) that would change the language, divorcing the school districts from the bill and recommended it be considered on any education foundation formula bill.

Representative Meekins questioned Representative Grussendorf on the administration of the program. Representative Grussendorf advised the two departments work together--"Community & Regional Affairs comes up with the numbers, and Revenue writes the checks."

RECESS

Chairman Cotten called a recess at 2:40 p.m. and reconvened the meeting at 2:58 p.m. All Committee members were present after the recess except Representatives Freeman and Rogers.

Representative Vaska, member of the Community & Regional Affairs Committee, presented testimony at this time. He advised C&RA looked at a couple amendments that would include sales tax to municipalities, and what he came up with was a simple formula based on the sales tax. Basically, he said, it would allow residents to apply for a tax rebate almost equal to the amount of tax paid. He suggested the Finance Committee wait until that bill comes to Finance and then consider the two bills jointly. That bill does not exceed \$35 million, he added.

At this time, Ginny Chitwood testified in favor of both bills. Referring to SB 125, she advised the Alaska Conference of Mayors has gone on record stating this money will be used for tax relief. She called attention to a packet (see Attachment 4)

containing these written statements. Most municipalities would drop sales tax, and in some cases, the municipalities have indicated property tax relief, she said.

Representative Meekins asked what impact SB 125 will have on HB 4 and requested information on the estimates. Mr. McCarter responded the State Assessor's Office will supply that information to the Committee.

HB 4 AND SB 125am HELD

Chairman Cotten advised it is not his intent to move these bills out of Committee today. However, he indicated he hoped to have the bills passed and ready for the Governor's signature by April 21. He also postponed action on the one remaining bill (HB 201) scheduled to be heard today.

RECESS

Chairman Cotten called a recess at 3:00 p.m. and reconvened the meeting at 3:10 p.m. Committee members present: Representatives Carney, Cotten, Haugen, Meekins and Moss.

ALASKA COURT SYSTEM

Representative Adams, Justice subcommittee chairman, advised the subcommittee recommends this budget category be reduced by 5% with no new employees authorized, as set forth in the Finance Committee guidelines. Referring to the hearings conducted by the House/Senate Joint Subcommittee on Justice, he stated the subcommittee felt no new positions were justified, and the 5% budget reduction can be taken at their discretion; i.e., however each Agency wishes.

[Tape HFC 81-23, Side 2, #001]

Representative Rogers pointed out the 5% guideline and no new positions affects formula funding; therefore, he suggested this be considered first before any reductions.

At this time Rick Barrier made his presentation. He distributed a copy of his March 16 letter (see Attachment 5) to Representative Adams, explaining the position of the Alaska Court System. Referring to Justice shortform page 150, he agreed the Alaska Court System is reflecting some large increases, representing salary increases and judicial retirement. There was considerable discussion on the judicial retirement. Mr. Barrier noted this will be expensive for a few years, as the Court System is trying to make up for 20 years worth. He explained the liability goes back to 1968. The court judicial retirement system is not actuarially sound at all, he said. The judges appointed after the effective date of 1978 are now contributing 7% per month, he advised; those appointed before that date do not contribute.

There was further discussion on those judges "grandfathered" in who do not pay into the fund and if it were possible to decrease or increase their salaries so that they would be paying a portion of their retirement. Mr. Barrier advised this would only work from the extent that their salaries were raised this date; they would still not be retroactive. Representative Malone pointed out if there is a general salary decrease, then it would also apply to these judges, but it cannot be done selectively.

(Representative Haugen joined the meeting at this time.)

Mr. Barrier described other areas where funding is needed: employees, facilities improvements, judicial travel, attorneys and doctors fees, equipment, increased juror pay, electronic recording, law library, data processing. The Court System will not fold, he continued, but it is committed; and a reduction of funds would substantially affect it. Their budget reflects the funding necessary to maintain proper levels of service, he added.

Representative Rogers asked Mr. Barrier to define "services to the public" and how this is determined. Mr. Barrier explained it as "on-site observation and evaluation on what is needed" and cited examples.

There was discussion on the positions requested.

(Representatives Rogers and Freeman left the meeting, and Representative Meekins joined the meeting at this time.)

There was further discussion on the request for an acting district court judge in Bethel. Mr. Barrier advised they don't attempt to fill long-term needs without legislative authority. He noted this is on a trial basis only, that they had a request for this position and had the money. Bethel has only a superior court judge, he added. Chairman Cotten asked if an acting district court judge has to be an attorney, pointing out this hasn't been a requirement, and Mr. Barrier indicated he didn't know.

(Representative Freeman returned to the meeting at this time.)

Representative Buchholdt requested a rundown of expenditures for the appellate court. Mr. Barrier indicated he would supply the exact figures. The appellate court began operation last October, he stated, and cases pending at that time were 150-200. He noted many were transferred over so, an instant caseload was picked up. He indicated in about six months they will see a more accurate picture of what is actually happening there.

Representative Montgomery asked who is covered under judicial retirement, and Mr. Barrier indicated supreme court judges, appellate court judges, trial court judges, superior court judges and district court judges. Representative Montgomery said this means, out of approximately 40-50 judges, roughly 10 are paying into retirement, and Mr. Barrier indicated that was correct.

Representative Montgomery said he finds this "highly unfair that the judges are not paying their share" and feels "this should be corrected". Representative Malone commented the only way he knows to do this is through a constitutional amendment. "This is a different retirement program entirely from PERS and TRS," said Mr. Barrier. He briefly explained the rationale behind this.

(Representative Rogers joined the meeting at this time.)

There was discussion on the law library, with Mr. Barrier pointing out the court has the only law library in the State. He stressed its importance, as there are no law schools, etc., in the Alaska. Referring to the new library in Anchorage, Representative Meekins asked if any effort is being made there to include a law library, and Mr. Barrier replied not to his knowledge. Representative Meekins then asked if the library could be hooked up to a computer system. Mr. Barrier advised "they did look into micro-filming, but then you run into copyright laws; therefore, it is cheaper to buy the books right now."

In summary, Mr. Barrier commented he feels the budget is not padded and that they only put in items they could define.

{Tape HFC 81-24, Side 2, #001}

Chairman Cotten inquired if the subcommittee discussed the capital budget, and Representative Adams indicated no. During discussion, Mr. Barrier explained how the Governor handles the capital budget for the Court System. Chairman Cotten requested Mr. Barrier provide the Committee with the total number of dollars the Court System is requesting for the capital budget.

Mr. Barrier advised their capital budget basically consists of two projects for next year: \$238,000 for Kodiak to renovate two floors in the Department of Labor; and \$43,000,000 for a new 2,000-foot Anchorage court building. This is to be built in the court parking lot and is projected to be sufficient till the year 2010. Chairman Cotten asked if there are dollars on the books through cash or bonds, and Mr. Barrier responded there has never been a bond issue approved for the Court System. He stated he feels the figures for the building are accurate and reflect two years of inflation; and if appropriated, they should not have to ask the Legislature for further funds. He indicated this project has been set out in two phases, if the Legislature would prefer to monitor it in this way.

(Representative Haugen left the meeting at this time.)

Representative Rogers again cautioned against applying the 5% formula. He stated he feels the Committee should be aware of what percent the Governor has authorized in relation to last year's budget. He said he also takes exception to the issue of

no new positions and the impact this will have on the communities.

ADJOURNMENT

The meeting adjourned at 4:10 p.m.

Tape HFC 81-23, Side 1, #654 - End
 Side 2, #001 - End
HFC 81-24, Side 1, #001 - End
 Side 2, #001 - #329

LETTER OF INTENT

HCS for CSSB 174 (Finance)

The House Finance Committee has had under consideration CSSB 174 and has amended Sec. 1. to include additional funding for the Power Production Cost Assistance Program.

It is the intent of the Committee that the Power Production Cost Assistance Program provide full assistance to eligible customers of participating utilities for FY 1981. A utility which received a reduced amount of assistance for service provided in March or April, 1981, based upon a finding by the Alaska Power Authority or the Alaska Public Utilities Commission that available funds were inadequate for payment of the full assistance for which that utility would otherwise have been eligible, shall receive reimbursement for the amount of that reduction. This reimbursement shall be provided to the eligible consumers of the utility in the next available billing.

Respectfully submitted,

Rep. Sam Cotten, Chairman
House Finance Committee

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

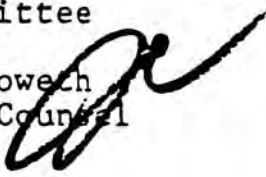
Grussendorf
FOURTH STATE CAPITAL
JULIAN ALASKA 99501
907-465-3811

MEMORANDUM

February 19, 1981

SUBJECT: Appropriation to unincorporated communities
Section 3, SB 125 am
(Work Order No. 12-0750)

TO: Representative Ben F. Grussendorf
Chairman, House Community and Regional
Affairs Committee

FROM: John B. Chenoweth
Legislative Counsel 

With the supplemental appropriation of \$18,400,000 to the several accounts collectively managed by the Department of Community and Regional Affairs by * Sec. 1 of this bill, I am told that sufficient money is added to amounts appropriated by the 1980 Legislature to assure all recipients of their full share to which entitled by law during FY 1981. Native village governments would be receiving, under AS 29.89.050, the full \$25,000 to which each is entitled.

Assuming this is true, the addition of the \$780,000 by * Sec. 3 of the bill suggests two conclusions:

(1) The "miscellaneous services account", AS 29.-89.080, to which an appropriation for miscellaneous municipal purposes would normally be made, is "over-appropriated" by \$780,000. AS 29.95.010(b) directs that any "surplus" amounts pour over into the tax equalization account, AS 29.88.035, for distribution to municipalities. Under this interpretation, municipalities -- but not unincorporated Native villages -- would share an additional \$780,000.

(2) The appropriation is invalid: it is not an appropriation made to the miscellaneous municipal service account, the source, by law, of allocations to unincorporated communities under AS 29.89.050, and direct

Representative Ben F. Grussendorf

Page 2

February 19, 1981

appropriations that do not pass through this account for the support for one group of recipients or another are not authorized.

Under either conclusion, the Native village governments should not expect to receive the additional \$780,000 as the amendment's sponsor intended.

JBC:ljb

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

SB 125
Grussendorf
POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

March 2, 1981

SUBJECT: Appropriation to Unincorporated
Communities

TO: Representative Ben F. Grussendorf
Chairman
House Community and Regional Affairs
Committee

FROM: Billy G. Berrier *BGB*
Director
Division of Legal Services

I have read Mr. Chenoweth's memorandum to you on this subject and agree with his conclusions.

The constitutional problem could be substantially mitigated and the statutory problem eliminated if the appropriation were not through AS 29.89.050 but distributed equally to recipients of state aid under that section. If that is desired I would suggest the following language:

"Section 3. The sum of \$780,000 is appropriated from the general fund to the Department of Community and Regional Affairs for distribution in equal shares to each native village government entitled to state aid under AS 29.89.050."

This would not be free from constitutional question. An argument can be made that such a direct appropriation violates the prohibition against local or special acts if a general act can be made applicable contained in sec. 19, Article II of the constitution. It is my opinion that appropriations are by their very nature special acts; that there is no requirement that appropriations be pursuant to enabling substantive law and that the appropriation suggested would be constitutional.

BGB:blg

Bob Green

SUGGESTED AMENDMENT DEALING WITH
SUPPLEMENTAL EQUALIZATION AID FOR SCHOOL DISTRICTS

14.17.023 (c). The amount per ADM or supplemental equalization aid is calculated as the amount equal to the average municipal appropriation (tax contribution) per pupil in average daily membership for school operating costs in the City & Borough school districts in the prior fiscal year.



THE CITY AND BOROUGH OF JUNEAU

CAPITAL OF ALASKA

155 SOUTH SEWARD ST. JUNEAU, ALASKA 99801

March 24, 1981

House Finance Committee
Pouch V
Juneau, Alaska 99811

File: Legislature - 1981

Subject: CSHB 4 (Property Tax Reimbursement),
HB 201 (Municipal Bond Interest Supplement),
HCSSB 125 (Municipal Revenue Sharing and
Municipal Assistance Appropriations)

Ladies and Gentlemen:

The city and borough supports the subject bills and urges your speedy and affirmative action on them.

CSHB 4

The City and Borough of Juneau supports the House Bill 4 approach to real property tax relief. We believe that it is important in any real property tax relief program to maintain the fiscal health of municipalities so that their credit worthiness in the bond market is not adversely affected. In the eyes of the bond market, massive exemptions from real property taxation or stringent limitations on tax levies have a negative impact on the ability of the municipality to raise the revenues required to meet local needs and debt service requirements. In fact, our financial adviser informed me that if, for example, all residential property were exempted from property tax, the city and borough probably would be unable to even sell its bonds. Even if the state proposes to reimburse the municipality for revenues lost through such an exemption, the sale of the bonds would still be doubtful as there is no assurance of the reimbursement being made each year. The more you have to explain your special situation to a potential bond buyer, the more likely he is to seek one of the many other municipal bonds issued by municipalities with conventional exemptions and restrictions.

House Bill 4 does not have any of the foregoing adverse impacts. Further, there can be no doubt under House Bill 4 that the monies appropriated under this program will go totally for residential property taxpayer relief. The bill also provides relief for renters who indirectly bear the burden of residential real property taxes. We support the House Bill 4 approach to residential real property taxpayer relief.

House Finance Committee
March 24, 1981
Page Two

Under the bill it appears that a residential property taxpayer would qualify for a reimbursement even if the payment were of delinquent taxes. You may want to consider amending the bill to limit reimbursement for only those taxes which are paid before they become delinquent. Adding the phrase "before becoming delinquent" at the end of line 17 would probably accomplish that end.

We urge your approval of CSHB 4.

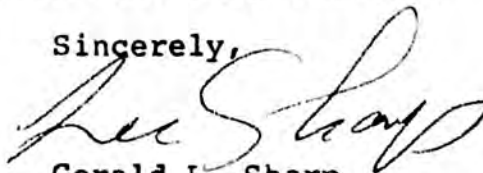
HB 201

The city and borough anticipates that it will be necessary to issue \$12 million to \$14 million in authorized bonds during the coming fiscal year. Under the current bond market conditions the interest on these bonds would drive the financing costs to new and burdensome highs. Section 1 of the bill would provide some measure of relief for Alaskan municipalities from these conditions. We urge the adoption of the type and level of relief proposed in House Bill 201.

HCSSB 125

We urge your speedy action on HCSSB 125. Most municipalities, including the City and Borough of Juneau, are currently beginning their budget considerations. The budgets and mill levies for such municipalities are set before the governor takes final action on the budget bill. For this reason it is difficult, and sometimes risky, to establish budgets and mill levies based upon anticipated revenue sharing. In the past, between the legislature and the governor, municipal revenue sharing and the municipal assistance fund have not been fully funded. Appropriation of the monies under HCSSB 125 at this time will allow most municipalities to reduce their tax levies in full confidence that state revenues will be available to take up the slack. The support of the assembly for this bill and its intention to reduce taxes as contemplated under the municipal assistance fund statute are set forth in City and Borough of Juneau Resolution Serial No. 735, attached.

Sincerely,



Gerald L. Sharp
City-Borough Attorney

GLS:jr
Attachment

cc: Ginny Chitwood, Executive Director AML
Dave Rose, Executive Director AMBBA