BUDGET MINUTE INDEX

MISC.

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	PAGE NO.
SB 64 -	LABOR RELATIONS BETWEEN SCHOOL BOARDS & OTHER PUBLIC EMPLOYERS & THEIR EMPLOYEES			18, 19 20, 21, 22 35
SB 119 -	ADEQUATE HOUSING FOR TEACHERS IN RURAL AREAS			12 - 14 15 - 16
SB 121 -	CREDITED SERVICE UNDER PUBLIC EMPLOYEES RETIREMENT SYSTEM			215, 238-241 334 - 337
SB 135 -	OPERATION & USE OF HIGHWAY BETWEEN YUKON RIVER AND ARCTIC OCEAN			197, 198

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	PAGE NO.

SB 252 - GRANTS FOR WATER SUPPLY, SEWERAGE AND SOLID WASTE FACILITIES 201

SB 320 - TRAINING OF CERTIFICATED EMPLOYEES OF BOROUGH OR CITY SCHOOL DISTRICTS OR REAA'S 251

SB 488 - Act directing the Board of Regents of U. of A. to establish a general endowment, 27-30

SB 489 - Act making a special appropriation to the Bd. of Regents, U. of A. as a general endowment 27-30

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	PAGE NO.
SB 517 - CHILD CARE & DAY CARE ASSISTANCE				142
SB 525 - SALE & LEASE OF STATE LAND				334
SB 548 - MEDICAL INDEMNITY CORP. OF ALASKA				59, 60
SB 552 - Relating to employment practices and working conditions				71

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	PAGE NO.
SB 612 -	CORP. INCOME TAX REVENUE SHARED WITH MUNICIPALITIES			87
SB 629 -	SUPP. APPROP. SCHOLARSHIP REV. LOAN FUND			4, 5

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	PAGE NO.
SB 649 –	RELATING TO EDUCATION			126, 127
SB 653 –	EMERGENCY SERVICES EMPLOYEES UNDER THE PUBLIC EMPLOYMENT RELATIONS ACT			165–168, 177
SB 658 –	Act increasing the fees for a commercial fishing license			70, 71
SB 659 –	DEFINING "CAPITAL OUTLAY" AS TERM IN EXEC. BDGT ACT			32–34
SB 684 –	INVESTMENT & MGMT OF AK. PERM. FUND & COMPUTATION OF INCOME OF FUND AVAILABLE FOR DISTRIBUTION			97–106, 169–172, 181, 182
SB 686 –	RETURN OF PROPERTY RECOVERED OR SEIZED BY LAW ENFORCEMENT AGENCIES			183–184
SB 693 –	SUPREME COURT AUTHORITY OVER COURT FACILITIES			103
SB 697 –	AK. RENEWABLE RESOURCES CORP.			146–151, 162–164

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	PAGE NO.
SB 702 -	TRANSFER CERTAIN FY '82 AGRIC. ACTION COUNCIL APPROP. ALLOC. TO NENANA - TOTCHAKET AGRIC. DEVELOPMENT PROJ.			87-89
SB 705	- Approp Mil. Aff./CONSTR. "AK. SVCMN MEMORIAL"			268, 269
SB 706	- Approp DNR /CONSTR. CARETAKER FACIL. FOR			268, 269
SB 710 -	MENTAL HEALTH TRUST FUND			309-312
SB 719 -	DOE COMPUTER NETWORK STUDY			251, 252
SB 732 -	PRODUCTION LICENSE FOR MINERAL EXTRACTION FROM STATE LAND			109, 113-116
SB 735 -	ORGANIZATION GRANTS AND TRANSITIONAL ASSISTANCE FOR MUNICIPALITIES			158
SB 737 -	Act making a special appropriation to the Department of Health and Social Services to be used to combat the causes and effects of birth defects			72, 73

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	PAGE NO.
SB 741 –	CHILD SUPPORT ENFORCEMENT			242, 243, 246
SB 744 –	SPEC. APPROP. FOR LEGAL FEES & LITIG COSTS RELATED TO OIL & GAS MATTERS			74 – 76
SB 746 –	SPEC. APPROP. DEPT. COM & EC. DEV. FOR DOC. film; APPROP OFF. GOV. FOR ARCTIC WINTER GAMES			56 332, 333
SB 748 –	INTEREST ON STATE BONDS AND NOTES			111, 112
SB 769 –	POWER PROJECTS CONSTRUCTED UNDER THE ENERGY PROGRAM FOR ALASKA (SCS (fin) – POWER DEVEL. FUND)			123 – 126 140
SB 772 –	SPEC. APPROP. DNR FOR CONSTR. OF PLANT QUARANTINE STATION			109, 110 113, 117

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	
SB 794 -	STATE MARINE PARK SYSTEM			235, 236
SB 796 -	MGMT OF STATE-OWNED LAND IN THE HAINES AREA, ESTAB. BALD EAGLE PRESERVE			174 - 177
SB 804 -	CONTINUING APPROP. OF REPAYMENTS OF PRINCIPAL & INTEREST ON LOANS MADE BY THE ALASKA AGRICULTURAL ACTION COUNCIL FOR LAND CLEARING TO THE LAND CLEARING ACCOUNT IN THE AGRICULTURAL REVOLVING LOAN FUND			202, 207, 208 210, 211

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	PAGE NO.
SB 817 - MEDICAL ASSISTANCE FOR NEEDY PERSONS				247-250
SB 826 - PRELIMINARY WORK ON SUSITNA RIVER HYDRO PROJECT				94-95
SB 830 - (Act extending the time during which assistance for municipalities and unincorporated communities is paid under ch. 60, SLA 1981)				57,58
SB 835 - ESTABL. NATIONAL PETROLEUM RESERVE, ALASKA, TRUST FUND ACCOUNT				253, 254 332
SB 836 - Act extending appropriations made for entitlements to municipalities and unincorporated communities and for extending appropriations for administering the entitlements				57,58

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	
SB 842-	PERMANENT FUND DIVIDENDS			130 - 139
SB 843-	SURFACE COAL MINING AND EFFECTS OF UNDERGROUND COAL MINING			140 - 142
SB 856-	INTEREST ON DELINQUENT OIL AND GAS PROPERTIES PRODUCTION TAXES			160

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	
SB 864 -	CONTINUING EXISTENCE OF ALASKA CODE REVISION COMMISSION & AMENDING STATUTES			204, 205
SB 866 -	SPEC. APPROP. TO SEN. ST. AFFAIRS COMM. FOR STUDY / CONTRACTING ST. SERVICES			260, 261
SB 875 -	TRANSFER OF OWNERSHIP & MGMT OF U. OF A TRUST LAND FROM DNR TO REGENTS			152 - 154
SB 876 -	SPEC. APPROP. & APPROP. TRANSFERS TO DEPT. LAW FOR SETTLEMENT AGREEMENT			152 - 154
SB 880 -	SALE OF ROYALTY OIL BY STATE OF ALASKA TO DOYON, LTD.			154 - 158
SB 881 -	SALE OF ROYALTY OIL BY STATE OF ALASKA TO TESORO AK. PETROLEUM CO.			154 - 158

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	
SB 885 - DEDICATION OF REVENUES TO THE ALASKA PERMANENT FUND				205
SB 887 - SPEC. APPROP. FOR REV. SHARING AND OTHER ASSIST. TO MUNICIP.				172/173
SB 895 - SUPPL. APPROP. TO DEPT. PUB. SAFETY FOR SALARIES & BENEFITS				

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	PAGE NO.
HB 9 - RELATING TO ENERGY				158, 159
HB 18 - SUPPL. APPROP. TO DEPT. PUBLIC SAFETY FOR STATEWIDE AVALANCHE WARNING SYSTEM				6 - 11

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	
HB 29 - SPEC. APPROP. DEPT C & ED FOR YOUTH HOSTEL REVOLVING LOAN FUND (SCS (fin) - DOT FUNDING)				107
HB 101 - MOTOR FUEL TAX				205-207 209, 210 212, 213

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	PAGE NO.
HB 146 - PAYMENT PROCEDURES ON CERTAIN PUBLIC CONTRACTS				236, 237 198 - 201
HB 148 - SUPP. APPROP. TO DEPT C & ED FOR REAL ESTATE COMMISSION (SCS (FIN) - OPER. EXP. ST. GOV'T)				107, 108, 16 198 - 201 322 - 324
HB 154 - FINANCIAL DISCLOSURE				143 - 145
HB 156 - RELATING TO LEGISLATIVE CONTRACTS				42, 43 297 - 306

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	PAGE NO.
HB 174 –	PUBLIC EMPLOYEES COLLECTIVE BARGAINING			177
HB 187 –	Relating to tax credits and penalties, Eff date			36, 37
HB 194 –	PRISONER EMPLOYMENT AND CORRECTIONAL INDUSTRIES			233-235
HB 216 –	~~APPROP~~ AUTHORIZING EXPENDITURE OF MORE THAN $1,000,000 FROM DISASTER RELIEF FUND			315, 316

tape #82-5 is missing from our files. Gita - 10/27/87

BUDGET MINUTE INDEX

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	
HB 509 -	ANALYSIS OF EMPLOYMENT AND UNEMPLOYMENT IN ALASKA			254-256 262-265
HB 549 -	ALTERNATIVE DESIGNS FOR STATE HEALTH COMMUNICATIONS NETWORK			281, 282
HB 586 -	PERMITS FOR OVERWEIGHT AND OVERSIZE VEHICLES			188-197
HB 590 -	SUPERIOR COURT JUDGES AND SUPERIOR COURT FACILITIES			216-218 232, 233 244
HB 608 -	UNIFORM ADMIN. PROCEDURES STATE GRANTS AND CONTRACTS			275-277

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	
HB 643 – REPEALING, AMENDING, MAKING, AND EXTENDING LAPSE DATES ON APPROP.				259, 260 265, 266 269-272 284 - 293 306 - 308 333, 334
HB 649 – REGIONS IN DOTPF				329, 330
HB 666 – OPERATING & CAP. EXPENSES OF STATE GOV'T				161, 162 185 - 187 212
HB 684 – COMPENSATION AND CLASSIFICATION OF PUBLIC OFFICERS & EMPLOYEES				313
HB 685 – APPROP. GOV'S OFF. & LAA TO PAY ADDT'L SALARIES & BENEFITS FOR FY 82				313, 314

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	PAGE NO.
HB 695 - VOC. ED & EMPL. TRAINING TASK FORCE				277
HB 708 - SUPP. APPROP CAP. SITE PLANNING COMMISSION				49
HB 756 - FIRE SUPPRESSION FUND				181

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	
HB 844 - RURAL HEALTH FACIL. IMPRVMNTS & MAINT.				274, 275
HB 848 - MARITAL DEDUCTION IN TESTAMENTARY TRANSFERS				329
HB 876 - FED. BDGT IMPACT FUND				273
HB 888 - SALE OF ROYALTY OIL BY STATE OF AK. TO TESORO.				331
HB 889 - SALE OF ROYALTY OIL BY ST. OF AK. TO DOYON				331

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	
HCR 23 -	GATHERING & EVALUATION COMPREHENSIVE INFO ABOUT SALMON STOCKS IN THE ARCTIC-YUKON-KUSKOKWIM MGMT AREA			91-92 116
SR 25 -	SENATE SPECIAL COMMITTEE ON ALASKA FISHERIES			204

BUDGET MINUTE INDEX

BUDGET CATEGORY	BUDGET REQUEST UNIT	AGENCY	OTHER BREAKDOWN	
SJR 39 -	amend Alaska Constit. relating to incurring G.O. indebtedness for housing			112, 113
SCR 44 -	Extending life of Blue Ribbon Commission on State Personnel Act			90

BUDGET MINUTE INDEX

sf0112811055

SENATE FINANCE COMMITTEE
January 12, 1982
10:55 a.m.

SFC-82, #1, Side 1 (000-428)

CALL TO ORDER

Co-chairman Don Bennett convened the meeting at approximately 10:55 a.m.

PRESENT

All committee members were present with the exception of Senators Eliason and Sackett.

ASSIGNMENT OF BUDGET CATEGORIES

Co-chairman Bennett advised committee members of the following changes in subcommittee budget categories:

EDUCATION	Senator Stimson
JUSTICE	Senator Eliason
DEVELOPMENT	Senator Ferguson

Other categories remain as assigned for the previous session:

UNIVERSITY OF ALASKA	Committee of the Whole
HEALTH & SOCIAL SERVICES	Senator Sackett
NATURAL RESOURCES	Committee of the Whole
PUBLIC PROTECTION	Senator Ferguson
TRANSPORTATION	Senator Sturgulewski
GENERAL GOVERNMENT	Senator Dankworth

BUDGET FORMAT

Co-chairman Bennett advised that the committee would review the FY 83 budget using an agency rather than a program format, and as soon as possible he would furnish each member a list of his or her area of responsibility.

Co-chairman Dankworth provided background information on the agency budget approach, advising that the legislature requested a change from program to agency budgeting during the previous session. The Governor vetoed the legislation. During the legislative interim, the House and Senate Finance Committee Chairmen requested that Mr. Hogan and the Legislative Finance staff proceed with budgeting in an agency format. The committee will be conducting its review on this basis. Co-chairman Dankworth stated that he had no objection to the administration's continued use of program budgeting, but legislative review will be had on an agency basis.

In response to an inquiry from Senator Stimson concerning coordination of Senate/House subcommittee hearings, Co-chairman Bennett attested to committee conflicts which might prove more troublesome to Senators than Representatives and preclude Senate members' attendance at joint subcommittee hearings. He suggested that Senators "work as close as comfortable" with their counterparts in the House, and in particular that House/Senate subcommittees work as a committee of the whole when hearing testimony from individuals who must travel from out of town to testify.

Responding to a further question from Senator Stimson relating to budget time frames, Co-chairman Bennett stated that he hoped to have the operating budget to free conference by the 90th day and the capital budget prepared by the 70th day. Co-chairman Dankworth advised that he had not yet detailed the method for handling the capital budget. He stated that he would wait for the Governor's budget, review it, and begin work as soon as possible thereafter.

Co-chairman Dankworth attested to a need for the committee to devote more time to long range financial policies for the state rather than minor budget items. Senator Sturgulewski voiced support for the previous statement, advising that the legislature has become "number conscious." She emphasized need for a new automated budget system.

Co-chairman Bennett stated that he has "targeted" $1.6 billion for the operating budget. The budget will require paring down to that level. He stressed need to "look at functions" and cost benefit ratios. He added that the legislature should not be "put in the business of making minor decisions." It should instead look into the layered effect of government and perhaps "pull off one or two blankets."

Senator Sturgulewski, attesting to need to follow up on budgeting results through Legislative Budget & Audit, advised that inability to audit the management and effectiveness of services funded through previous budgets is the weakest link in the budget process.

Co-chairman Bennett advised that since the committee will conduct its budget review in agency format, departments appearing before committee should present their budgets in that format also. The committee will not attempt to coordinate agency and program budget approaches when conducting its review. If a department does not present its budget in proper form, its representatives will be dismissed and the committee will prepare the budget for the department.

Senator Stimson asked if the committee would be given revenue projections and a general fiscal overview. Co-chairman Bennett stated that the foregoing presentation would be made Wednesday afternoon. He further requested that members notify him of state officials or other individuals from whom members wish to hear testimony. Senator Stimson advised that he would like to hear from the permanent fund committee in response to recent newspaper articles. Senator Sturgulewski requested that at the time the fiscal overview is presented, the committee also hear from Ron Lehr concerning his development of state capability to conduct long range financial planning. She expressed her wish that the legislature had more capability in this area.

Responding to a question from Senator Stimson concerning bill sessions, Co-chairman Bennett requested that members notify his office when legislation is ready to come before committee for hearing. Senator Stimson advised of his desire to bring the $7 million supplemental appropriation to the student scholarship loan program (SB 629) on for hearing as soon as possible.

ADJOURNMENT

There being no further matters to come before committee at this time, the meeting was adjourned at approximately 11:15 a.m.

SFC 82-1, Side 1 (000-428)

sf0114821030

SENATE FINANCE COMMITTEE
January 14, 1982
10:30 a.m.

(Tape SFC 82, # 1, Side 1, 428-619)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 10:30 a.m.

PRESENT

All members of the committee were present with the exception of Co-chairman Dankworth and Senator Sackett. Also in attendance were Mr. Kerry Romesburg, Executive Director of the Postsecondary Education Commission in the Department of Education; and Judy Johnston, Administrative Assistant to Co-chairman Bennett.

SB 629

Co-chairman Bennett stated the committee would take up consideration of SB 629 (AN ACT MAKING A SUPPLEMENTAL APPROPRIATION TO THE SCHOLARSHIP REVOLVING LOAN FUND; AND PROVIDING FOR AN EFFECTIVE DATE). He added that since this bill was of an emergency nature, the new five-day notice requirement for bills being brought before the committee would be waived. He requested that Senator Stimson present the bill to the committee.

Senator Stimson thanked Co-chairman Bennett for allowing this bill to move expeditiously, explaining that its passage would alleviate the problems many students are now having in securing the student loan for the second semester of this school year. He said there were 700 to 800 students who had been funded for the fall semester, but not for the spring semester. Due to the increases in the loan amounts, the $10 million revolving fund was depleted as well as the amount budgeted for loans, so that now they are holding a $7 million deficit. If this bill were to pass it would fund the loan program to accommodate the legislature's philosophy to provide loans to those Alaskan students who need financial assistance. He requested that Mr. Kerry Romesburg testify before the committee on the bill.

Mr. Romesburg agreed with Senator Stimson's testimony. He added that there were 2,381 applications now awaiting funding (some for fall semester and some for spring semester). He estimated that $6.9 million was needed to provide student loans through this year. He said that previously there had been about a 500% "miss" in the projected need for the program, and attributed that "miss" to the fact that 90% of the applicants had changed their request amount from $3,000 to $6,000. He said another factor was that approximately 5,700 students were not getting what they had expected from their own savings account.

Senator Stimson asked if the supplemental funding in SB 629 would cover applications for next fall semester, and Mr. Romesburg stated it would.

Co-chairman Bennett thanked Mr. Romesburg for his testimony and called for further discussion and/or questions from the committee members.

Senator Stimson moved and asked unanimous consent that SB 629 be moved from committee with individual recommendations. Co-chairman Bennett asked for a show of hands on the motion, and there being no objection, it was so ordered. The committee report was signed as follows: Co-chairman Bennett and Senators Stimson, Sturgulewski, Eliason and Ferguson signed "do pass".

BILL SCHEDULING

Co-chairman Bennett asked the members of the committee to review all bills assigned to them, and to let him know at least 5 days ahead of the time they would like committee consideration. He said he wanted to comply with the new 5 day requirement whenever possible, and would only waive it in an emergency situation.

BILL ASSIGNMENTS

Co-chairman Bennett made the following bill assignments:

SB 381 - Senator Sackett
SB 400 - Senator Stimson
SB 488 - Senator Stimson
SB 489 - Senator Stimson
SB 521 - Senator Bennett
SB 566 - Senator Dankworth
SB 597 - Senator Dankworth
SCR 33 - Senator Sturgulewski
SJR 56 - Senator Sturgulewski
HB 9 - Senator Dankworth
HB 18 - Senator Bennett
HB 187 - Senator Sackett
HB 472 - Senator Dankworth
HCR 1 - Senator Sackett
HCR 23 - Senator Ferguson

ADJOURNMENT

The meeting adjourned at 10:55 a.m.

(Tape SFC 82, # 1, Side 1, 428-619)

sf0119820900

SENATE FINANCE COMMITTEE
January 19, 1982
9:00 a.m.

SFC-82, #1, Side 1 (619-end)
SFC-82, #1, Side 2 (000-348)

CALL TO ORDER

Co-chairman Bennett convened the meeting at approximately 9:00 a.m.

PRESENT

All committee members were present with the exception of Co-chairman Dankworth. Also attending were Ronald M. Dippold, Director of the Juneau Ski Patrol; R. C. Janes, Deputy Director, State and Private Forestry, U.S. Forest Service; Mike Clemens, Assistant Director Administrative Services, Department of Public Safety; Mark Johnson, EMS Coordinator, Dept. of Health & Social Services; Hilton Wolfe, Staff Assistant-Parks, Dept. of Natural Resources; Tom Jankousky, Ski Area Manager City & Borough of Juneau (Juneau Representative AAFWS); L. Bruce Bowler, Coordinator Search & Rescue Operations, SEADOGS (Southeast Alaskan Dogs Organized for Ground Search); Ellen Searby, Trainer, SEADOGS; Leif Lie, Meteorologist, Weather Service; and administrative assistants to the Finance Committee, Sandy Nusbaum and David Rogers.

BILL ASSIGNMENTS

Co-chairman Bennett assigned the following bills:

SB 551 - Ferguson
SB 659 - Dankworth

HB 18 AND HB 348

Co-chairman Bennett moved that HB 18 (efd failed) (ACT MAKING A SUPPLEMENTAL APPROPRIATION TO THE DEPARTMENT OF PUBLIC SAFETY FOR IMPLEMENTATION OF THE STATEWIDE AVALANCHE WARNING SYSTEM) and HB 348 (efd failed) (ACT MAKING A SPECIAL APPROPRIATION TO THE DEPARTMENT OF PUBLIC SAFETY FOR THE ALASKA AVALANCHE WARNING SYSTEM) be simultaneously brought on for hearing.

Mr. Bob Janes, testifying on behalf of the U. S. Forest Service, spoke in support of the legislation. He advised that the warning system represents a cooperative effort between state, municipal, and federal agencies. He directed committee attention to packets of file material previously presented to House committees.

As background information, Mr. Janes stated that the Alaska Avalanche and Fire Weather Forecasting System began in 1980. During the 1981 legislation session, HB 18 and 348 passed the

House and the Senate State Affairs Committee prior to adjournment. Mr. Janes stressed the need for funding contained in the legislation, advising that avalanche activity has currently been pared back in order to remain within available funding. Cut backs have reduced activity in Southcentral Alaska and left the Juneau area with no capability for avalanche forecasting this winter. He stated that the National Weather Service continues to give snow advisories, but there are no avalanche technicians obtaining field data to coordinate with the weather service.

Mr. Janes requested that funding included in the legislation be authorized for expenditure through 1983, and suggested that the lapse dates in both pieces of legislation be extended to 1983. He further stressed the need to obtain funding as soon as possible in order that it be available for use this winter. He concluded his statement advising that immediately-received funding would be "stretched" through 1983, and thereafter funding for the system would be incorporated in the department budget.

Responding to a question from Senator Sturgulewski concerning why funding for avalanche control has not been previously budgeted by the state, Mr. Janes advised that the warning effort has moved from a federal project to one requiring greater state participation. Since passage of enabling legislation in 1980, the program has been attempting to "catch up" funding-wise.

Responding to a question from Senator Stimson concerning activity set in motion by 1980 legislation, Mr. Janes advised that the combined avalanche forecast covers Southcentral, Interior, and Southeast Alaska. The forecasting center is located at Anchorage. The Dept. of Transportation utilizes avalanche forecasts to monitor highway conditions. The Dept. of Natural Resources and Division of Parks utilize the service to monitor recreational conditions in an effort to prevent back-country accidents. The Dept. of Public Safety is interested in accident prevention and public awareness of avalanche conditions.

Responding to inquiries concerning the number of positions associated with the program, Mr. Janes stated that the requested funding would provide for an additional park ranger assistant who would conduct public avalanche awareness seminars. The program currently has two meteorologists who are funded through the winter. Avalanche technicians are employed on a seasonal basis. When questioned further concerning state budgeting for the program after FY 83, Mr. Janes estimated the annual cost to be approximately $450,000 to $500,000.

Mike Clemens next appeared before committee on behalf of the Dept. of Public Safety. He confirmed Mr. Janes' estimate of FY 84 costs for the program, advising that the Dept. of Transportation as well as Dept. of Natural Resources might also have budgeted for avalanche control.

Mr. Hilton Wolfe appeared on behalf of the State Division of Parks testifying to the excellent level of cooperation between State and Federal agencies in operation of the avalanche program.

Ellen Searby next appeared before committee on behalf of the SEADOGS (Southeast Alaskan Dogs Organized for Ground Search) and delivered prepared testimony (copy attached) in support of the legislation. She stressed the need to monitor snowpack conditions, compile data, and predict when avalanches might occur.

Leif Lie appeared on behalf of the National Weather Service and presented his prepared testimony (copy attached) in support of the legislation. He voiced his belief that increased forecast capability could save lives and property. He added that he had been involved in avalanche forecasting for 8 to 9 years, and that the National Weather Service would continue to render technical assistance to the warning system.

Tom Jankousky appeared on behalf of the City & Borough of Juneau, advising that Juneau is the only municipality in the state which is a member of the cooperative warning system. Without the subject legislation there will be no warning personnel in Southeast Alaska. He stressed the need for technical assistance in accurately predicting avalanches since many Juneau residents live in avalanche areas. Mr. Jankousky further attested to the fact that the warning system and awareness seminars would benefit Southcentral and the Interior as well as Southeast.

Ronald Dippold next appeared on behalf of the Ski Patrol. He distributed a copy of the Alaska Ski Patrol resolution of May 1979, supporting the Alaskan Avalanche Warning System. The Ski Patrol consists of approximately 300 Alaskans dedicated to the protection of winter recreationists.

Mark Johnson appeared on behalf of the Dept. of Health & Social Services, advising of his department's indirect involvement in the warning system. He advised that during the 1970's, 24 fatalities resulted from 17 fatal avalanches. For each individual who died in an avalanche, approximately 10 survived. He alluded to possible loss of life as a peripheral consequence of avalanches when avalanches block highways and other access to emergency services.

Senator Stimson asked if HB 18 and HB 348 should be combined as one piece of legislation. Co-chairman Bennett stated that he saw no benefit in doing so, but attested to need for an immediate effective date and a revised lapse date to reflect June 1983 rather than June 1982.

<u>Senator Stimson moved that HB 18 (efd failed) with amendment to establish an immediate effective date and lapse date of June 30, 1983, pass from committee with individual recommendations. No objection having been raised, HB 18, with amendment, passed from</u>

committee--all members signing do pass with the exception of Senator Ferguson who signed no recommendation.

Senator Stimson moved that HB 348 (efd failed) be amended to reflect an immediate effective date and lapse date of June 30, 1983, and that the legislation and amendment pass from committee with individual recommendation. No objection having been raised, HB 348, with amendment, passed from Senate Finance--all members present signing do pass with the exception of Senator Ferguson who signed no recommendation.

BUDGET WORKBOOKS

Co-chairman Bennett attested to problems relating to delivery of workbooks for the Governor's Budget. He stated that although the workbooks are to be delivered to the legislature by the first Monday in January, the legislature has received only 4 of 13 books. He attested to the difficulty of attempting to work on the budget when many of the workbooks are unavailable. Since the legislature has been in session for more than a week, the Governor in not timely providing the workbooks, is slowing down the legislative process.

ADJOURNMENT

There being no further matters to come before the committee at this time, the meeting was adjourned at approximately 9:35 a.m.

SFC-82 #1, Side 1 (619-end)
SFC-82 #1, Side 2 (000-348)

1/19/82

Testimony before Senate Finance Committe re: Avalanche Forecast Program

Jan. 19, 1982

I am Ellen Searby, resident of Juneau and trainer of SEADOGS, the Southeastern Alaska search and rescue dog team.

Our rescue team can only try to help people who get buried in avalanches and are lucky enough to survive until we get there. We cannot bring victim back to life or replace destroyed property. The only effective way to save large numbers of lives and prevent property losses is to have people and property stay out of avalanches. We need to acquire the data that allow us to predict when and where avalanches will occur--and that data will take several years to acquire. With increasing numbers of people skiing in the back country and increasing pressure to build and construct roads in avalanche areas, we have some catching up to do.

Presently the 4 of us on SEADOGS' callout list are the only canine rescuers available in all of Alaska. The RCMP have several dogs trained in western Canada. Obviously we can't get to many areas fast enough to help even those who survive the slide but are buried. In many areas, including some here in Juneau, the avalanche release zones are complicated. Part of the zone may release with an avalanche big enough to kill, leaving as much or more snow hanging above the rescuers. We need to know the condition of that remaining snow and its stability before sending in rescuers. The only accurate way to do that is with a forecast system built on as many years of complete data as we can get.

We need to have this forecast system in full operation with technicians working to acquire the needed data and assess the status of our snowpack daily. We need something a lot more complete and scientific than the method SEADOGS presently relies on (which doesn't help anyone else) of having me drive over to the Douglas side for a view of the Thane Road and ~~Douglas~~ Juneau side before calling the team to say "Hey fellows, take your dogs and packs to work today".

U.S. DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL WEATHER SERVICE

Jan. 19, 1982

Mr. Chairman and members of the Finance Committee:

My name is Leif Lie. I am the Meteorologist in Charge at the Weather Service Forecast Office here in Juneau. I am here to represent the National Weather Service in support of House Bill No. 348. This bill provides for an effective avalanche forecast program for southeast and south-central Alaska. Five state agencies, several federal agencies, and the City and Borough of Juneau are involved in the funding of this bill. The total cost of the Alaska Avalanche Warning System is $587,000.00. The State of Alaska contributes $446,000.00 or 76%.

The National Weather Service supports House Bill No. 348 for the following reasons:

1. With an improved avalanche forecasting and warning system both lives and property will be saved.

2. A better snowfall forecast will result in a more effective avalanche control operation. This will lead to considerable dollar savings by helping the highway department know when to close and reopen public highways.

3. There will be an increase in avalanche related deaths and injuries unless the trend is reversed now. The trend is directly associated with the increase in recreational activities which include skiing, hiking, snowmobiling, and climbing.

The National Weather Service will provide meteorological and technical assistance to the Alaska Avalanche Warning System, and in Southeast Alaska will prepare and issue avalanche warnings until the Alaska Avalanche Warning Center can take over the responsibility.

I will be glad to answer any questions regarding our forecasting and warning system for avalanches...in particular, here in SE Alaska.

sf0121820915

SENATE FINANCE COMMITTEE
January 21, 1982
9:15 a.m.

(Tape SFC 82, # 3, Side 1, 000-798)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 9:15 a.m.

PRESENT

All members of the committee were present with the exception of Co-chairman Dankworth. Also in attendance were Judy Johnston, Administrative Assistant to Co-chairman Bennett; Pam Neal, representing the Lower Kuskokwim REAA; Bob Green, representing the School Boards of Alaska; Bob Manners, representing NEA Alaska; Don Oberg, representing NEA Alaska; and Patty Ginzburg of the press.

SB 119

Co-chairman Bennett stated the first order of business would be consideration of SB 119 (AN ACT RELATING TO PROVISION FOR ADEQUATE HOUSING FOR TEACHERS IN THE PUBLIC SCHOOLS IN RURAL AREAS), as well as CSSB 119 (SAME TITLE). He requested that Senator Stimson present the bill to the committee.

Senator Stimson pointed to the committee substitute in the file and the section by section analysis. He said that the problem of teacher housing had been a chronic one for a number of years. The problem seemed to center around the issue of the school district not necessarily informing prospective teachers of housing, only to discover at some later point that the teachers broke their contracts since they had either nonexistant or inadequate living arrangements once they arrived in a village. A teacher's livelihood could be eradicated if his certificate were revoked over such a matter.

Co-chairman Bennett raised questions on how to determine if a teacher might misuse the legislation just to get out of a teaching contract, and he suggested attaching a 30 day "window" to the legislation, which would prohibit a new teacher from breaking contract after 30 days.

Co-chairman Bennett asked for testimony from witnesses present at the meeting. The first to testify was Ms. Pam Neal, representing the Lower Kuskokwim REAA.

Ms. Neal stated that she had testified the previous session, and recapped for the committee the Lower Kuskokwim REAA's position. She said at that time they had no problem with the intent of the legislation. She said it was their concern that it not be mandatory for the districts to provide teacher housing. She said that over the last year, the REAA had formed a committee to solve the teacher housing problem, and they had come up with a "proposed housing policy statement" which she would make available to the committee as soon as it was adopted at their meeting scheduled for the following day. She did say that she felt the language in CSSB 119 was much improved in comparison to the original bill.

Senator Stimson asked if she expected proposed legislation based on the new policy statement. She responded that by the new policy, the district would provide housing where there was none whatsoever by any other source, and that it could possibly be accomplished by the State setting up a mortgage fund. There would be no conflict with the legislation presently before the committee as long as district provision of teacher housing was not made mandatory. Senator Stimson confirmed that CSSB 119 would not make that mandate.

Next to testify was Bob Green, representing the School Boards of Alaska. He stated that the School Boards feel that this legislation would be opening new territory in the collective bargaining area. He said they would be willing to support the sections dealing with "informing" except that it could become a matter of interpretation as to whether a teacher had been misinformed or accurately informed. He said that the section dealing with "assisting" could be supported as long as the school boards and the teachers would have equal bargaining rights. He said he thought the Professional Teaching Practices Commission had enough safeguards for the teachers with regard to revocation of certification, and that he was afraid a vehicle for wide abuse of the breach of contract area would be created.

RECESS

Co-chairman Bennett called for a recess at 9:35 a.m. and recalled the meeting to order at 9:40 a.m.

BILL ASSIGNMENTS

Co-chairman Bennett made the following bill assignments:

SB 649 - Stimson
SJR 61 - Dankworth
HB 156 - Ferguson

SB 119

The committee continued to hear testimony regarding CSSB 119. Next to testify was Bob Manners, representing NEA Alaska. He said he would confine most of his remarks to Section 5. He said that section brought focus to the need for action, and that the employer and the employee appeared to have equal footing in regard to possible conflict.

Senator Sturgulewski asked if breach of contract had become a major problem. Mr. Manners said he knew of only one or possibly two instances where the employer has revoked a certificate, and he did not feel there would be a "mass exodus" due to this legislation.

Senator Stimson requested that Mr. Don Oberg, representing NEA Alaska come forward, and asked him to elaborate one of the cases in question. (Mr. Oberg was at the time on the Professional Teachers Practice Commission.) Mr. Oberg did not mention names, but reviewed the case, saying that by law the certificate had to be revoked, but that the issue clearly surrounded a housing problem directly related to the school district not adequately informing the new teacher of her housing situation. He said CSSB 119 would protect the teacher somewhat, and like Mr. Manners, he did not feel it would create a mass exodus.

Co-chairman Bennett asked Mr. Oberg what he thought of the 30 day "window" idea. Mr. Oberg felt that would be a legitimate addition to the legislation. He added that he thought section 5 of the bill made the first four sections valuable.

Discussion and questioning continued on the first four sections dealing with compliance. Senator Ferguson noted that he thought teachers should remember that it was a privilege for them to be able to teach in rural Alaska, and a discussion of the philosophy surrounding the legislation ensued.

Co-chairman Bennett stated that it was time for the floor session, and that the committee would continue deliberation on CSSB 119 the following day at 9:00 a.m.

ADJOURNMENT

The meeting adjourned at 9:55 a.m.

(Tape SFC 82, # 3, Side 1, 000-798)

sf0122820905

SENATE FINANCE COMMITTEE
January 22, 1982
9:05 a.m.

SFC-82, #3, Side 2 (000-557)

CALL TO ORDER

Co-chairman Bennett convened the meeting at approximately 9:05 a.m.

PRESENT

All committee members were present with the exception of Co-chairman Dankworth and Senator Sackett. Also attending were Dr. Cliff Hartman, representing the Alaska Council of School Administrators; Bob Greene, representing the Alaska Association of School Boards; Don Oberg and Bob Manners, Representing NEA Alaska, Inc.; and administrative assistant to Senator Bennett, Judy Johnston.

SB 119

Senator Stimson moved that SB 119 (AN ACT RELATING TO PROVISION FOR ADEQUATE HOUSING FOR TEACHERS IN THE PUBLIC SCHOOLS IN RURAL AREAS) be brought on for discussion. The Senator directed committee attention to a proposed Finance Committee Substitute and a sectional analysis of the draft legislation. He advised that the amended committee substitute contains no substantial changes from the legislation discussed the previous day with the exception of inclusion of a "window" in the revocation or suspension provisions.

Dr. Cliff Hartman, representing the Alaska Council of School Administrators, appeared before committee, advising of several instances wherein language in the bill might be misleading. The title which states that the legislation relates to provision for adequate housing for teachers in rural areas, appears to be incongruous with language in the body of the bill which speaks to assisting teachers in finding reasonable housing commensurate with housing for the area. He attested to further potential problems which might develop since the bill speaks to housing in remote sites while at the same time covering all districts in the state, including large urban areas. Questions could be raised concerning the type and extent of the information a superintendent must provide a teacher transferring to a remote site.

When asked for language which would correct the aforementioned problem areas, Dr. Hartman suggested that "adequate housing" be removed from the title and "assistance in securing reasonable housing" be inserted instead. The title would then read "An Act relating to provisions for assistance in securing reasonable housing for teachers in the public schools in rural areas."

Senator Stimson suggested amending Sec. 4 (Sec 14.14.095 POWERS) by inserting "in a rural area" following "school board." The section would then read "A school board in a rural area may assist employees in securing reasonable housing in remote sites that is consistent with community norms as to substance and quality."

RECESS 9:13 a.m.
RECONVENE 9:25 a.m.

Upon reconvening, Senator Stimson moved to amend the title of the committee substitute as suggested by Dr. Hartman. He then reworded his amendment of Sec. 4, inserting "operating schools in remote sites" following "school boards." The section would then read "A school board operating schools in remote sites may assist employees in securing reasonable housing in remote sites that is consistent with community norms of substance and quality."

Bob Greene, representing the Alaska Association of School Boards, next appeared before committee. He advised of support for the amended committee substitute, but expressed concern regarding the mechanics of actually implementing the legislation, particularly provisions pertaining to breach of contract and certificate revocation. He voiced concern that severe interpretation problems might result, but was unable to pinpoint specific problems.

Senator Stimson advised that the bill "tightens" prior legislation, and provides that a teaching certificate may not be revoked if a teacher contracting to teach in a remote area decides within 30 days of employment that remote housing is not reasonable. The teacher will have the burden of proof that he or she was not informed of living conditions prior to employment.

Don Oberg next appeared before committee in response to a question from Senator Ferguson concerning revocation of a teacher's certificate. He attested to the fact that the burden would be upon the teacher to prove that he or she had been misled concerning remote housing. He stressed the need to be sure that teachers know what is included in their contracts.

Senator Stimson moved to pass Committee Substitute for SB 119 (Finance), including the amended title and the latter revision of Sec. 4, from committee with individual recommendations. No objection having been raised, CS for SB 119 (Finance) passed from committee--all members present signing do pass.

BILL ASSIGNMENT

Co-chairman Bennett assigned the following legislation:

HB 318 - Dankworth

ANNOUNCEMENT

Co-chairman Bennett announced that the committee would meet again Tuesday, January 26, 1982, to discuss SB 64 and other legislation postponed from earlier this week.

ADJOURNMENT

There being no further matters to come before the committee at this time, the meeting was adjourned at approximately 9:45 a.m.

SFC-82, #3, Side 2 (000-557)

sf0126820900

SENATE FINANCE COMMITTEE
January 26, 1982
9:00 a.m.

(Tape SFC 82, # 3, Side 2, 557-820)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 9:00 a.m.

PRESENT

All members of the committee were present with the exception of Senator Dankworth. Also in attendance were Judy Johnston, Administrative Assistant to Senator Bennett; Dale Cheek, Director of Labor Standards and Safety in Department of Labor; and Cherrie Shelley, Executive Director of Alaska Public Employees Association.

BILL ASSIGNMENTS

Co-chairman Bennett made the following bill assignments:

HB 156 - Sturgulewski (reassignment)
SJR 63 - Ferguson

SB 64

Co-chairman Bennett stated the committee would consider CSSB 64 (C&RA) (AN ACT RELATING TO LABOR RELATIONS BETWEEN SCHOOL BOARDS AND OTHER PUBLIC EMPLOYERS AND THEIR EMPLOYEES) and the proposed finance committee substitute CSSB 64 (SAME TITLE). He requested that Senator Stimson present the legislation to the committee.

Senator Stimson referred to the section by section analysis of the finance committee substitute, and proceeded to compare that with the C&RA CS. He said that if the finance committee substitute were to pass, teachers would be covered under the Public Employees Labor Relations Act and would be required to enter into collective bargaining. He concluded by saying that there were witnesses present to testify on the legislation.

Senator Sturgulewski requested clarification of the two fiscal notes in the file dated January 19, 1982. It was ascertained that the zero fiscal note would accompany the C&RA CS, and the other would accompany the senate finance committee substitute.

Introducing himself as the Director of the Wage and Hour Administration Unit of the Department of Labor, Dale Cheek explained that office was the fact finder and investigation unit for the labor relations agency for public employees other than state employees. He said that the C&RA version of SB 64 would require virtually no additional responsibilities for the Labor

Relations Agency because of the "opt-out" provisions. On the other hand, he said, the proposed finance committee substitute would require further funding and responsibilities by the agency, and they had prepared a fiscal note for that version based on past experience. He went on to say that there are 52 school districts and REAA's in Alaska, and last year there were 3,600 non-certificated employees in those districts (31 are municipal school districts). He said at this time there were four of those that had chosen to enter into collective bargaining (Juneau, Anchorage, Fairbanks and Kenai), and they were being represented by APEA, American Federation of Teachers, Independents, and Local 71. He said that in the past year the Labor Relations Agency for the Alaska Department of Labor had dealt with APEA organizing efforts, with International Board of Electrical Workers, Local 71, Inland Boatmans, Laborers International, and the Teamsters and that the fiscal notes had been prepared on the basis of their experience in this area. Mr. Cheek added that after dealing with this legislation over the past four years, he had been told numerous times by those in the above groups that if the legislation passed they would all be filing petitions to recover.

Cherrie Shelley, Executive Director of the Alaska Public Employees Association, came forward to state APEA's support of the proposed finance committee substitute. She said that teachers are the only group not having the right to enter into collective bargaining, and that resolution to problems must now be obtained in court. She urged the committee to pass the legislation.

Senator Stimson stated that Senators Ray and Parr wanted to testify on the legislation also, and Co-chairman Bennett asked him to request their presence at the next work session on the bill.

ADJOURNMENT

The meeting adjourned at 9:20 a.m.

(Tape SFC 82, # 3, Side 2, 557-820)

sf0203820910

SENATE FINANCE COMMITTEE
February 3, 1982
9:10 a.m.

SFC-82, #4, Side 1 (000-626)

CALL TO ORDER

Co-chairman Bennett convened the meeting at approximately 9:10 a.m.

PRESENT

All committee members were present with the exception of Co-chairman Dankworth. Also attending were Senators Ray and Parr; Cherie Shelley, Representing the Alaska Public Employees Association; Bob Cooksey, Representing NEA/Alaska, Inc.; and administrative assistant to Senate Finance Judy Johnston.

BILL ASSIGNMENT

Co-chairman Bennett assigned the following bills:

SB 108 - Sackett
SB 548 - Sturgulewski

SB 64

Senator Stimson moved that SB 64 (ACT RELATING TO LABOR RELATIONS BETWEEN SCHOOL BOARDS AND OTHER PUBLIC EMPLOYERS AND THEIR EMPLOYEES) be brought on for discussion. He advised of a draft committee substitute prepared for committee consideration. Senator Stimson stated that the sponsor of the original legislation, Senator Ray, was present to testify. Senator Ray stated that the purpose of his initial bill was to allow non-certified employees of a school district to be represented by collective bargaining.

As background information, Senator Stimson advised that the proposed committee substitute is essentially the same as the original bill with the exception of Sec. 6 which would make it mandatory for school boards to permit non-certified employees to enter into collective bargaining. The first committee of referral, HESS, passed Senator Ray's original bill. The second committee, C&RA, prepared a committee substitute which allowed school districts not wishing to negotiate with non-certified employees to opt out of the act within six months after it becomes effective. The proposed Finance Committee Substitute removes the opt-out section and requires school boards to negotiate under the Public Employment Relations Act. Senator Ray added that the C&RA version "watered down the bill and made it worthless." He stated that employees working for school districts but not involved in teaching (janitors, office personnel, etc.) should be allowed the right to collective bargaining.

Responding to a question from Senator Ferguson concerning efforts to organize for collective bargaining at the University, Bob Cooksey advised that current law covers higher education people. Employees in higher education are now organizing and "going through the election process" to determine if they will be included in bargaining. He added that since those involved in higher education are currently covered by law, the pending legislation would not apply to them. Senator Stimson added that the pending legislation allows employees the option of not organizing if they so choose.

Senator Parr stated that school districts are presently required to negotiate with certificated employees. He added that it is not right to deny collective bargaining to employees "just because they don't hold teaching certificates." The legislation would be applied through the normal process of election and one of the choices on the ballot would be that of no representation. Senator Parr advised that there is no justification for the opt-out provision for employers included in the C&RA committee substitute. He added that members of school boards wear two hats. They must represent the public interest in education and also deal with district employees as an employer. Members of school boards should have no "special" rights when dealing with employees that other employers do not enjoy.

Responding to a question from Senator Ferguson concerning the right of non-certified employees to strike, Cherie Shelley stated that while the employees could strike, they would not have the right to binding arbitration.

Responding to an inquiry from Co-chairman Bennett concerning whether additional interested parties wished to testify on the legislation, Bob Cooksey advised that NEA/Alaska supports the bill--Association members believe that school employees should have an opportunity to bargain should they choose to do so.

Following Mr. Cooksey's statement, Senator Stimson moved that the draft committee substitute be adopted by the Senate Finance Committee. No objection having been voiced, the Finance Committee Substitute was adopted. Senator Stimson next moved that the Finance Committee Substitute pass from committee. Senator Sackett raised questions concerning the fiscal notes included in committee files. Senator Stimson stated that the zero fiscal note which accompanies the C&RA version of the bill reflects the fact that most school districts would opt-out of bargaining under the C&RA Committee Substitute. The $99,000 fiscal note from the Department of Labor relates specifically to the Finance Committee Substitute. Senator Sackett voiced objection to increasing the operating budget by approximately $100,000 with no information to substantiate the accuracy of fiscal note figures. He moved that the fiscal note be zero. Senator Stimson advised of his belief that passage of the legislation would financially impact the Department of Labor and that it would be unreasonable to feel the bill could "go forward" with a zero note. Senator Sackett stated that the Department could absorb the additional cost and stressed again the need for more fiscal information.

Senator Sturgulewski attested to need for review of fiscal notes by Legislative Finance in order that the committee might be presented with "independent judgment" concerning the validity of note figures.

Senator Ferguson suggested that the cost of the legislation to school districts would be "tremendous." Senator Sackett added that the Department of Education should have presented financial information concerning the effect of the legislation on the school foundation formula.

Senator Parr advised that approximately 4 districts out of 52 currently bargain. He stated that the Department of Labor estimate that 48 additional districts would enter bargaining is too high. There will probably be only 5 or 6 districts entering during the coming year.

Senator Stimson moved to amend the fiscal note to reflect $50,000. Upon a show of hands the motion failed--Senators Stimson, Sturgulewski, and Eliason voting in favor of the motion, Senators Bennett, Ferguson, and Sackett voting against.

Co-chairman Bennett called for a show of hands on Senator Sackett's motion for a zero fiscal note. Upon a show of hands the motion failed--Senators Bennett, Ferguson, and Sackett voting in favor of the motion, Senators Stimson, Sturgulewski, and Eliason voting against.

Senator Stimson moved to pass the Finance Committee Substitute from committee with the Department of Labor fiscal note for $99,000. Senator Sackett objected. Upon a show of hands the motion failed--Senators Stimson, Strugulewski, and Eliason voting in favor of passage, Senators Bennett, Ferguson, and Sackett voting against.

ADJOURNMENT

Senator Sackett moved to adjourn the meeting. No objection having been raised, the meeting was adjourned at approximately 9:40 a.m.

SFC-82, #4, Side 1 (000-626)

sf0204820950

SENATE FINANCE COMMITTEE
February 4, 1982
9:50 a.m.

SFC-82, #4, Side 1 (626-end)
SFC-82, #4, Side 2 (000-075)

CALL TO ORDER

Co-chairman Bennett convened the meeting at approximately 9:50 a.m.

PRESENT

Present were Co-chairmen Bennett and Dankworth and Senators Eliason, Stimson, and Sturgulewski. Senator Sackett attended the latter portion of the meeting. Senator Ferguson did not attend. Also present were Commissioner of Revenue, Thomas K. Williams, Fiscal Analyst Milt Barker, representatives of the press, and administrative assistant to Senate Finance Judy Johnston.

REVENUE FORECAST

Co-chairman Bennett requested that Commissioner Williams present a brief revenue forecast. Commissioner Williams advised that he wished to point out to committee members the "context" of forecast numbers used by the department. Department projections forecast approximately 4.34 billion dollars in unrestricted General Fund revenues for FY 82 and 4.13 billion for FY 83, resulting in a two-year total of 8.47 billion dollars.

Commissioner Williams explained that the above figures represent the average of 500 cases out of millions of possible combinations and parameters which might affect the well-head price for oil and state revenues. The 500 cases comprise a statistical sampling. He added that he wished to advise the committee of outcomes other than those included in the average as well as where such outcomes fall within the forecast.

The commissioner directed attention to a series of charts and formed an analogy between the method used by the department to arrive at forecast percentages and the odds surrounding the toss of a coin and 50/50 chance for a heads or tails outcome. He added that if one tossed 9 coins and conducted a forecast, there would be 512 possibilities as to how the tosses might come out. The chart before committee demonstrated the probability of outcome. The curve representing possible outcome is a symmetrical curve. Department forecasts correspond to a number in the middle of the curve. The curve representing the potential outcome from tossing a coin is an idealized curve; the department in making its projections, however, is dealing with 40 different variables, with differing values which might be assigned to the variables, resulting in innumerable possible outcomes. A total of 500 cases were sampled. The department did not go to the extreme ends of the curve but looked at the middle range. Forecast figures represent averages within that middle range.

Last June the Department forecasted income ranging from 6.5 billion dollars to slightly less than 5.0 billion in unrestricted general fund revenues. The new forecast reflects less "swing" between high and low figures. It also reflects a change in assumptions within the department regarding world oil prices.

FY 83 projections indicate a wide swing and, at this time, a substantial downward trend. While flat curves do not appear terribly serious, when "talking" in terms of billions of dollars, each downward turn represents "a lot of money." Referring to the FY 82 forecast, Commissioner Williams stated that each step down represents a quarter of a billion dollars ($250,000,000). Commissioner Williams directed committee attention to a handout containing figures from the January 1982 revenue forecast (copy attached), advising that 4.34 billion dollars represents the average of all outcomes. The 50 percentile, however, is 4.32 billion. The .02 difference represents 20 million dollars. The lowest figure on the chart--the figure with 0.2% chance of representing FY 82 revenues--3.80 billion shows a drop of approximately 500 million dollars from the FY 82 forecast. On the otherhand, a disruption of oil supplies from the Middle East which would strengthen domestic oil prices might result in revenues of 5.15 billion. Commissioner Williams advised that the "confidence" level runs between the 20 and 80 percentiles. For FY 82 that demonstrates a range of 4.12 at 20% and 4.50 at 80%--a difference of 450 million dollars.

Senator Strugulewski raised questions concerning appropriations for FY 83 in light of possible over-appropriation in FY 82. Commissioner Williams agreed that potential problems exist. Directing committee attention to a chart presenting the forecast curve for FY 83, the commissioner noted the dispersion between possible outcomes. He noted that 53% of the time the projected outcome came out below the revenue forecast figure. Using the same high and low levels of percentage outcome (20 to 80%), FY 83 figures would range from 3.76 (400 million less than the forecast figure) up to 4.47 billion--a 710 million dollar "swing."

The chart highlighting combined revenue for the two years demonstrates a swing of 4 billion dollars between the high of 10.67 billion and low of 6.82 billion. When viewed in light of a 60% confidence figure, revenues would range from 8.97 billion down to 7.88 billion. There is thus "a play in the joints . . . of a billion dollars" around the point the department actually uses for the forecast figure.

Commissioner Williams stressed that although the department forecasts 8.47 billion for the two fiscal years, this does not mean that revenues will actually amount to that. There is a chance income will be higher. There is also a chance income will be lower. He added that, in terms of over-appropriation, he wished to alert the committee to "downside figures."

Responding to questions from Senator Sturgulewski concerning department forecasts and their relation to forecasts made by Fiscal Analyst Milt Barker, Commissioner Williams responded that each time the department forecast is updated, the department attempts to take a realistic view of the world. He cited a number of international political situations which could affect oil prices and state revenues. Responding to further questions from Senator Sturgulewski concerning middle-range revenue figures, Commissioner Williams advised that the middle-range reflects the assumption that prices will remain at approximately the present level in terms of the number of dollars paid regardless of the fact that the purchasing power of the dollars is being eroded (inflation).

Senator Sturgulewski next asked if Commissioner Williams had made specific recommendations to his "boss" regarding appropriations in light of current revenue projections. Commissioner Williams responded that he would recommend the mean because he believes the department has taken a realistic sample "out of a universe of possibilities," and statistically, taking the average minimizes the degree the department will actually be off.

Referring to a memorandum to Representative Adams, prepared by Fiscal Analyst Milt Barker, dealing with the impact of petroleum income tax and severance tax, Senator Sturgulewski requested that Commissioner Williams appear before committee at a later time to speak to issues therein.

ADJOURNMENT

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

SFC-82, #4, Side 1 (626-end)
SFC-82, #4, Side 2 (000-075)

2/4/82
Williams

UNRESTRICTED GENERAL FUND REVENUES
($ billions)

%-ile	FY 82 Royalty & Prod. Tax	FY 82 "Other" Revenue	FY 82 Total	FY 83 Royalty & Prod. Tax	FY 83 "Other" Revenue	FY 83 Total	2-Year Total
0.2	2.44	1.36	3.80	2.03	0.99	3.02	6.82
10	2.69	1.36	4.05	2.65	0.99	3.64	7.69
20	2.76	1.36	4.12	2.77	0.99	3.76	7.88
30	2.83	1.36	4.19	2.90	0.99	3.89	8.08
40	2.87	1.36	4.23	3.03	0.99	4.02	8.25
50	2.96	1.36	4.32	3.11	0.99	4.10	8.42
60	2.99	1.36	4.35	3.22	0.99	4.21	8.56
70	3.07	1.36	4.43	3.33	0.99	4.32	8.75
80	3.14	1.36	4.50	3.48	0.99	4.47	8.97
90	3.23	1.36	4.59	3.67	0.99	4.66	9.25
99.8	3.79	1.36	5.15	4.53	0.99	5.52	10.67
Mean	2.98	1.36	4.34	3.14	0.99	4.13	8.47

(January 1982 Revenue Forecast)

SENATE FINANCE COMMITTEE
February 9, 1982
9:10 a.m.

SFC-82, #4, Side 2 (626-end)

CALL TO ORDER

Co-chairman Don Bennett convened the meeting at approximately 9:10 a.m.

PRESENT

All committee members were present with the exception of Co-chairman Dankworth. Also attending were Senator Parr, Fiscal Analyst Alison Elgee, Dr. Claus Naske and Dr. Koche Kovasaki from the University of Alaska, Bill Zybach, Administrative Assistant to Senator Parr, and Administrative Assistants to Senate Finance Judy Johnston and Paul Pesika.

BILL ASSIGNMENTS

Co-chairman Bennett assigned the following bills:

SB 289 - Sturgulewski
SB 612 - Sturgulewski
SB 660 - Sackett
SB 688 - Dankworth

SB 488 and SB 489

Co-chairman Bennett moved that Sponsor Substitute for SB 488 (ACT DIRECTING THE BOARD OF REGENTS OF THE UNIVERSITY OF ALASKA TO ESTABLISH A GENERAL ENDOWMENT) be brought on for discussion along with its companion bill SB 489 (ACT MAKING A SPECIAL APPROPRIATION TO THE BOARD OF REGENTS OF THE UNIVERSITY OF ALASKA AS A GENERAL ENDOWMENT). Senator Parr appeared, testifying in support of the legislation. He advised that growth at the University has been excellent in terms of disciplines, but it is now time to move for quality in specific disciplines. SB 488 represents "a small step in that direction" in that it and SB 489 provide for a general endowment of $1 million, the interest upon which would be used to support an endowed chair. The $1 million represents funding included in originating legislation; the figure could be reduced and the chair still endowed.

Senator Parr stated that section (b) of the bill "nails the money down" so the University cannot use it for other purposes. The senator advised that costs would include funding for a professor, an assistant and secretary, if needed, as well as travel expenses. Costs would depend upon the field endowed.

Most Universities have endowed chairs which are usually established through private contributions. The University of Alaska has no such endowment and in establishing the first chair, the legislature would hope to set a precedent to be followed by others. Senator Parr advised that it had been suggested that the chair be endowed for a particular discipline or person. The legislation, however, speaks to a general endowment and allows the University to select the individual who will hold the chair.

Senator Stimson raised questions concerning the endowment, asking Senator Parr why the legislature should commit $1 million to legislation rather than simply add $1 million to the University budget for that purpose. Senator Parr replied that if given the $1 million in its budget, the University will "put it in 40 different places throughout the system and might not get any significant results." He stressed the need accomplish something which has long-term significance.

Senator Stimson asked if there was any danger in focusing the endowment on a specific discipline, inquiring as to whether or not it would be difficult for Senator Parr to support the bill if it was specialized. Senator Parr responded "I think so"--the bill is "open" so the Board of Regents can choose the discipline and the individual to be endowed. He expressed his opinion that the University has over-emphasized high latitude geophysical research. He stressed need for the University to become a full University rather than a system of community colleges "hanging" on the geophysical institute. Senator Parr attested to problems with experts "who know more and more about less and less."

Senator Sturgulewski advised of her concern for establishing an endowed chair at a time when the University is short on instructors and instructional materials. She questioned whether such an endowment would become a "catalyst" for additional state funding. Senator Parr responded that he hoped the initial endowment would establish a precedent, and that private organizations would establish future endowments in order that the University would not have to "look" to the legislature for continued funding. Senator Parr added that the foundation is separate from the University and has its own management.

Dr. Claus Naske, Professor of History, University of Alaska, Fairbanks, next appeared before committee in support of the legislation. He echoed Senator Parr's comments concerning need for the proposed endowment. He stated that most universities have endowed chairs, citing as an example the $5 million endowment established by Coca-Cola at Emory University and similar endowments by private organizations at St. Louis and the University of Washington. An endowed chair which would attract top individuals in various disciplines will serve as a catalyst on the University campus and stimulate private enterprise to similar endowments. He expressed concern that top people currently at the University of Alaska are nearing retirement age. Federal funding for research is also "falling off." Dr. Naske recommended endowment of a chair in physical science.

Advising that Alaska does not currently appear to be moving toward industrialization, Senator Stimson asked if an endowed chair could be used to develop economic enterprise such as the design and manufacture of computer parts. Dr. Naske stated that he was not very hopeful that Alaska will become industrialized. The state should instead concentrate on its physical location. He made reference to federal legislation introduced by Senator Murkowski relating to an organized arctic science policy--Alaska is in a good position to play an important part in this project.

Dr. Naske concluded his remarks by advising that an endowed chair "would add to the excellence of the institution." Further, the proposed endowment would differ from usual funding which is eventually "used up." Funding for the chair would draw on the interest earned on the deposited endowment. He added that compensation given the holder of the chair should be greater than that given to faculty members.

Dr. Koche Kovasaki next appeared to testify in support of the legislation. He advised that in order to produce remarkable students, a university needs remarkable instructors who can instill in students a compelling sense of inquiry. He added that higher education is "one of the safest things the state can invest in." He said he views an endowed chair as seed money for high caliber work which will attract substantially declining federal funds. Like Dr. Naske, Dr. Kovasaki suggested that the endowment concentrate on physical sciences, thus maintaining and heightening the University reputation in that area.

When questioned by Senator Sturgulewski concerning his field of study and possible disciplines to which the endowed chair might be applied, Dr. Kovasaki advised that he has been involved in perma frost research. He added that he hoped to "see a world class scientist get the chair." He recommended Dr. Syn Akasofu, advising that Dr. Akasofu has obtained over $10 million in federal grants over the last few years, received several international awards, and is one of the 1,000 most often cited authorities. A person of this statute, under the grant system, spends a great deal of his time writing grant proposals before research can begin. An endowed chair would allow more teaching and research time--more contact with students and colleagues.

Senator Stimson presented, for discussion purposes, a proposed committee substitute for SB 488 entitled (ACT ESTABLISHING AN ENDOWMENT FOR THE PHYSICAL SCIENCES AT THE UNIVERSITY OF ALASKA) as well as two amendments for SB 489. The first amendment would reduce endowment funding from $1 million to $950,000. The second amendment would reduce funding from $1 million to $850,000.

Senator Sturgulewski raised questions relating to the position of the Board of Regents and University administration concerning the subject legislation. Co-chairman Bennett advised that he had mentioned the chair to President Barton and that the president was "supportive of an endowed chair as a means of obtaining quality and world renown status." Bill Zybach, Administrative

Assistant to Senator Parr, advised that the Senator spoke with three members of the Board of Regents, and all three supported the concept.

Responding to further questions from Senator Sturgulewski concerning legislative designation of a discipline versus a general endowment which permits the University to select the discipline, Senator Bennett advised that the decision "depends upon what the legislature wants to do." Bill Zybach added that Senator Parr's discussion centered on a general endowment although the area of anthropology had been suggested as a possible field for endowment, given the number of digs in Alaska. In the end, Senator Par felt the decision should be left to the University. Senator Sturgulewski agreed, voicing support for the original, broader, version of the legislation which would leave responsibility for selection of the endowed discipline to the Board of Regents.

Senator Stimson advised that he had reservations about designating the chair as well as mixed feelings about allowing the Board of Regents to do so. He suggested that it might be valuable to analyze the range of disciplines available for possible designation. He expressed further concern that the University might create the chair and fill it from within rather than from outside. Co-chairman Bennett stated that the chair could hold both individuals currently at the University as well as someone from outside.

<u>Senator Sackett moved for adoption of the amendment which would reduce the appropriation contained in SB 489 from $1 million to $650,000. Upon a show of hands the amendment was adopted--Senators Bennett, Ferguson, Sackett, and Strugulewski voting in favor. The amended bill then passed from committee--Co-chairmen Bennett and Dankworth signing do pass, Senators Sackett, Sturgulewski, and Eliason signing no recommendation, Senator Ferguson signing do not pass.</u>

<u>Senator Sackett moved that the proposed Committee Substitute for SB 488 (Finance) pass from committee with individual recommendation. No objection having been raised, the committee substitute passed from committee--Co-chairmen Bennett and Dankworth signing do pass, Senators Sackett, Stimson, Sturgulewski, and Eliason signing no recommendation, Senator Ferguson signing do not pass.</u>

(Although Co-chairman Dankworth did not attend the meeting, he signed the committee report before it was transmitted from committee to the floor of the Senate.)

<u>ANNOUNCEMENT</u>

Co-chairman Bennett announced that the committee would meet tomorrow at 9:00 a.m. to discuss SB 659.

ADJOURNMENT

There being no further matters to come before the committee at this time, the meeting was adjourned at approximately 9:50 a.m.

SFC-82, #4, Side 2 (626-end)

sf0210820915

SENATE FINANCE COMMITTEE
February 10, 1982
9:15 a.m.

(Tape SFC 82, # 5, Side 1, 000-end)
(Tape SFC 82, # 5, Side 2, 000-056)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 9:15 a.m.

PRESENT

All members of the committee were present with the exception of Senator Ferguson. Also in attendance were Assistant Attorney General, Jim Baldwin; Budget and Management Deputy Director, Jim Stey; Legislative Finance Division Director, Jay Hogan; Administrative Assistant to Senator Bennett, Judy Johnston; and Lobbyist for Alaska Chapter of Associated General Contractors, Jean Kline.

SB 659

Co-chairman Bennett stated the first order of business would be consideration of SB 659 (AN ACT DEFINING 'CAPITAL OUTLAY' AS THAT TERM IS USED IN THE EXECUTIVE BUDGET ACT; AND PROVIDING FOR AN EFFECTIVE DATE). He requested that Co-chairman Dankworth present the bill to the committee.

Co-chairman Dankworth stated that he had prepared an amendment to the bill. He gave a short history of the legislation he had sponsored, saying that one theory had been to put more Operating items into the Capital budget so that the Operating budget could be kept to a minimum; however he said, that endeavor requires a legal definition of capital projects. There hadn't been a great problem with this procedure until the spending limit was instituted, which requires by constitution that 1/3 of the budget be capital budget. He said his preferred definition was as follows:

> (7) "capital projects and improvements" means any allocation or appropriation item for land acquisition, construction, structural improvement or repair and design for a single project. Equipment costs that exceed $50,000 shall also be classified as capital outlay.

Historically, he said, loan programs and grants were put in the Operating Budget. But in the last three or four years that had changed. Chairman Dankworth stated that if the above definition were adopted about $530 million would "fall" out of the budget. About $314 million of that would be for loans, and $150 million for projects not meeting the above definition would drop back into the Operating Budget.

Senator Sturgulewski raised questions concerning the use of "capital outlay" in the amendment, the implications of this legislation on loans and impact on SJR 4 and SJR 61, and the use of "repair" in the amendment. Regarding the latter portion of her questions, she explained that all of the rural school districts take their maintenance and repair out of operational dollars. And since there is really no definition of "repair", there could be problems. She was most concerned about the transfer of CIP positions to the Operating Budget, and about funding of feasibility studies in the Operating Budget and then the actual funding for the construction in the Capital Budget. She felt that if a legislator didn't know about this two-phase funding, serious problems could develop with the various capital projects. Co-chairman Dankworth responded that there was money in the departments' Operating Budgets to carry out the planning, and if the project seemed feasible funding could be put in the Capital Budget for the construction - he did not see this as a potential problem.

Further discussion and questioning ensued on how the various projects, studies, loans, etc. would be handled in the budget with this new definition. Co-chairman Dankworth asked that Jay Hogan comment. Mr. Hogan first pointed to letters in the file from Arizona, Hawaii, Idaho and Oregon, each with their own definition of capital projects. He said that Hawaii was the only state that has a statutory definition. Further discussion came up on the use of the words "repair" and "capital outlay" in the proposed amendment by Co-chairman Dankworth. Co-chairman Dankworth moved and asked unanimous consent that the amendment be changed to read.

> (7) "capital projects and improvements" means any allocation or appropriation item for land acquisition, construction or structural improvement and includes engineering and design for a single project. Equipment and repair costs that exceed $50,000 shall also be classified as capital projects or improvements.

There being no objection, it was so ordered.

Senator Stimson brought up the question of "code up-grade" in BIA schools and whether or not that would be included when the State receives all 36 of those BIA rural schools this year. He added that about $70 million worth of code up-grade would be necessary to bring those schools into compliance. Mr. Hogan responded that the above definition would be in the Executive Budget Act and would tend to apply to the State Budget and the question of what happens to money when it gets to a school district would be another question. More discussion arose concerning the impact of this language on the executive spending limit. Co-chairman Dankworth stated this new language would have a great deal of impact in that it would be pre-determined whether money was to be capital or operating.

Co-chairman Dankworth moved and asked unanimous consent that the committee adopt CSSB 659, which would contain the language above. He added that there would be a title change. There being no objection, it was so ordered.

Co-chairman Dankworth then requested that Jean Kline, Lobbyist for the Alaska Chapter of Alaska General Contractors, come forward to comment on the bill. Ms. Kline stated that the Alaska General Contractors found the bill to be very important, especially in view of the proposed spending limit. She said they would give their full support on the legislation.

Jim Stey, Deputy Director of Budget and Management then came forward to make comments to the committee. He said that Budget and Management had struggled with this definition for years. He said he thought problems would arise if specific costs (like $50,000) were set. He said they had arrived at the idea that a project was a capital one if it had the ability to "create permanent value to the State of Alaska."

Co-chairman Dankworth moved and asked unanimous consent that CSSB 659 (Fin) (AN ACT DEFINING 'CAPITAL PROJECTS AND IMPROVEMENTS' AS THAT TERM IS USED IN THE EXECUTIVE BUDGET ACT; AND PROVIDING FOR AN EFFECTIVE DATE) be moved from committee with individual recommendations. There being no objection, it was so ordered and the committee report was signed "do pass" by all members present.

LAYOFF OF JAIL GUARDS DUE TO LEGISLATIVE OVERRIDE OF GOVERNOR'S VETO

Co-chairman Dankworth said that 27 jail guards would have to be laid off within the next 48 hours if something was not done to correct the situation. Apparently this had come up due to the legislative override of the Governor's veto, and the positions were now considered illegal. He said there may be other positions in jeopardy. He said he thought the committee should make a decision on these positions, and he requested that Mr. Stey provide him with a list of all these revised program positions that might have to be laid off.

ADJOURNMENT

The meeting adjourned at 10:00 a.m.

(Tape SFC 82, # 5, Side 1, 000-end)
(Tape SFC 82, # 5, Side 2, 000-056)

sf0211820905

SENATE FINANCE COMMITTEE
February 11, 1982
9:07 a.m.

SFC-82, #5, Side 2 (060-080)

CALL TO ORDER

Co-chairman Don Bennett convened the meeting at approximately 9:05 a.m.

PRESENT

All committee members were present with the exception of Co-chairman Dankworth and Senator Ferguson. Also attending were Bob Cooksey representing NEA/Alaska Inc. and Administrative Assistant to Senate Finance Judy Johnston.

SB 64

Co-chairman Bennett moved that SB 64 (ACT RELATING TO LABOR RELATIONS BETWEEN SCHOOL BOARDS AND OTHER PUBLIC EMPLOYERS AND THEIR EMPLOYEES) be brought on for discussion. Senator Stimson moved that the Senate Finance Committee Substitute previously adopted by committee pass with individual recommendations and a zero Fiscal Note. No objection having been raised, Committee Substitute for SB 64 (Finance) with its new fiscal note, passed from committee--Senators Stimson and Sturgulewski signing do pass, Co-chairman Bennett and Senators Sackett and Eliason signing no recommendation.

ADJOURNMENT

There being no further matters to come before committee at this time, the meeting was adjourned at approximately 9:07 a.m.

SFC-82, #5, Side 2 (060-080)

sf0223820900

SENATE FINANCE COMMITTEE
February 23, 1982
9:00 a.m.

(Tape SFC 82, # 5, Side 2, 080-596)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 9:00 a.m.

PRESENT

All members of the committee were present with the exception of Senator Ferguson. Co-chairman Dankworth arrived at 9:10 a.m. Also in attendance was Legislative Finance Fiscal Analyst Garrey Peska, and Administrative Assistant to Co-chairman Bennett, Judy Johnston.

BILL ASSIGNMENTS

Co-chairman Bennett made the following bill assignments:

SB 135 - Sackett	SB 693 - Bennett
SB 465 - Sackett	SB 702 - Sackett
SB 466 - Sackett	SB 709 - Dankworth
SB 483 - Sackett	SB 728 - Ferguson
SB 590 - Bennett	SB 738 - Stimson
SB 658 - Bennett	SB 743 - Dankworth
SB 663 - Sturgulewski	SB 748 - Sackett
SB 672 - Bennett	SB 814 - Dankworth

SJR 65 - Dankworth

HB 187

Co-chairman Bennett stated the first order of business would be consideration of HB 187 (AN ACT RELATING TO TAX CREDITS AND PENALTIES; AND PROVIDING FOR AN EFFECTIVE DATE), and requested that Senator Sackett present the legislation to the committee.

Senator Sackett gave a short history of the bill, and pointed to Senate Committee Substitute for HB 187 (Finance) (AN ACT RELATING TO COMPUTATION OF TAX PENALTIES: AND PROVIDING FOR AN EFFECTIVE DATE) which he had prepared. He stated the only difference from the original HB 187 was the deletion of Section 2 which was no longer necessary as it had been passed into law the previous year in SB 554. He requested that Legislative Finance Fiscal Analyst Garrey Peska speak on Section 1 of Senate Committee Substitute for HB 187 (Finance).

Mr. Peska explained that the language in Section 1 would effect a penalty only on the unpaid balance of the tax liability, rather than on the full amount of the tax as was previous law. Senator Sackett added that this legislation would help to bring the

Department of Revenue back into line with what the legislature intended, and would reduce "knit-picking" procedures now in effect.

Senator Sackett moved and asked unanimous consent that Senate Committee Substitute for HB 187 (Finance) be passed from committee with individual recommendations. There being no objection, it was so ordered and the committee report was signed "do pass" by all members present.

COMMITTEE APPROACH TO THE FY 83 CAPITAL AND OPERATING BUDGETS

Senator Eliason raised questions concerning the Senate Finance Committee procedures on the budget this session. His main concern was how the Senate Free Conferees would handle those items that had been supported by the Senate Finance Committee of the whole, adding that he thought the Free Conference Committee was a committee designed to settle areas of disagreement rather than to change or add in areas of agreement. Co-chairman Bennett responded that he would find it difficult to predict what would happen to the Senate version of the budget during free conference period, saying that he was very hesitant to commit himself to a "magic formula". Further discussion and questioning followed, with Senator Sturgulewski raising questions about CIP positions and where they would be placed in the Capital and Operating budgets. Co-chairman Bennett stated that they would be lucky if they had $2.8 billion to work with for the entire budget, because of the "spot bids" on oil. He did say that the committee would define projects and place them in the Capital or Operating budget according to the new definition of "capital projects and improvements" as passed recently by the Senate. There were further comments about what would be considered a Operating item and what would be considered a Capital item.

ADJOURNMENT

The meeting adjourned at 9:30 a.m.

(Tape SFC 82, # 5, Side 2, 080-596)

SF0225820907

SENATE FINANCE COMMITTEE
February 25, 1982
9:07 a.m.

SFC-82, #6, Side 1 (000-end)

CALL TO ORDER

Co-chairman Don Bennett convened the meeting at approximately 9:07 a.m.

PRESENT

All committee members were present with the exception of Senator Ferguson who arrived shortly after the meeting commenced. Also in attendance were Director of Legislative Finance Jay Hogan, Fiscal Analysts Alison Elgee and Elmer Lindstrom, administrative assistants to Co-chairman Bennett Sandy Nusbaum, Judy Johnston, Paul Pesika, and Dick Robinett, administrative assistant to Co-chairman Dankworth Max Gifford, and representatives from the press.

REVENUE PROJECTIONS

Co-chairman Bennett advised that he requested Fiscal Analyst Milt Barker to "look into" anticipated revenue available for FY 83 appropriation in light of the Administration's projection of $3.2 billion. Legislative projections fall within the following range:

High	- $2,563,000,000
Medium	- $1,855,000,000
Low	- $1,448,000,000

Co-chairman Bennett announced that copies of Mr. Barker's projections would be available to committee members following the meeting. He advised of "grave" concern regarding state income given the "gloomy forcast of projected revenue."

VACANCY REPORT

Co-chairman Bennett advised that his staff spent considerable time going through administration printouts in an attempt to "chase down" positions, PCN numbers, and personal services funding to determine whether funding appropriated against a specific PCN number accrues to an individual filling that position. Investigation has revealed that the administration currently has 1,063 positions which have been unfilled for over seven months. All but 28 of these positions have been funded but no one hired to fill them. Some of the vacant positions date back to 1975.

The Co-chairman stated that over the years the legislature has appropriated money to these positions based upon the assumption that individuals were employed and "doing their jobs." This is not the case. The question is, "Where has the money gone?" It has not been returned to the general fund. Last year funding for unfilled positions totalled $32,500,000. Most of these unfilled positions are included in the budget for FY 83. If subcommittee members are not extremely careful when conducting budget reviews, these positions will again be funded in the upcoming budget.

Administrative Assistant Sandy Nusbaum distributed a handout listing vacant positions by agency.

(Senator Ferguson arrived at the meeting at this time, 9:12 a.m.)

Advising of her understanding that only 48 out of the 1,063 positions have been vacant for approximately 7 months while remaining positions date back much further, Senator Sturgulewski posed questions concerning the report to Jay Hogan. Mr. Hogan advised that numbers shown on the report were obtained from a Department of Administration report; a series which agencies use to "police" their positions. If an agency is accurate in the information it submits, data on the report is accurate. If an agency is "sloppy" in submitting its information, vacancy numbers and dates will not be accurate.

Senator Sturgulewski asked if analysis had been conducted concerning vacant positions and the factors involved. She advised that subcommittee discussion with representatives from DOT indicates that a certain amount of budgeting covers inadequate vacancy factors or lapses in time due to Dept. of Personnel processing procedures. Sandy Nusbaum advised that DOT with 30 vacant positions is "quite clean" as far as vacancy is concerned. Co-chairman Bennett added that accumulated information regarding vacancy became available only yesterday, leaving no time for in-depth analysis prior to today's meeting. Such analysis will be left to subcommittee members in the course of their budget reviews. The Co-chairman advised that he merely wished to share his findings with committee members before subcommittee budget reviews progressed too far. He suggested that subcommittee chairmen "red line" vacancies in agencies assigned to them and "get rid of" unfilled PCN numbers.

Senator Sturgulewski attested to problems resulting from rapid increases in the state budget over the last few years. The legislature does not have good information concerning prior expenditures (specifically expenditures for FY 82) in order to determine where over-budgeting has occurred. Mr. Hogan suggested analyzing year-to-date expenditures for each agency. By the 6th of March the legislature should have figures setting forth agency expenditures through February (3/4 of the fiscal year). Funds which will be lapsing should show up in these figures.

Responding to questions from Senator Eliason concerning expenditure of funding for vacant positions, Mr. Hogan advised that Personal Services funding is "rigidly controlled" by Budget & Management. Funding could be used to hold a position vacant to meet vacancy requirements or to meet the 5% reduction in last year's budget. Co-chairman Bennett stated his understanding of the foregoing to be that some agencies use moneys from unfilled positions as an auxiliary fund to supplement other personal services in the department. Senator Stimson advised that such action presents an irresponsible picture of what is happening in these departments. Mr. Hogan stated that one of the problems leading to the above condition has been historically poor agency records resulting from "administrative agency bottleneck situations." While many agencies try to clean up information on file, it isn't always easy to do; hence there are basic problems in the administration's position report. Subcommittee members should "go down the list" with the administrative officer for each department and determine why the agency has vacant positions.

Responding to questions from Senator Stimson concerning agency retention of unfilled PCN numbers, Mr. Hogan advised that in the case of agencies like the Dept. of Labor, PCN numbers are retained but no funding appropriated. The department receives funding on a quarterly basis from the federal government. Because the Division of Personnel is slow in filling positions, the department "racks up" positions and uses federal funding. If the Dept. of Labor waited on the Division of Personnel, Labor would be "through the quarterly allotment before the position is established."

Senator Sackett advised that while the handout report indicates a large number of vacant positions, past investigation of vacancy has highlighted three reasons for the numbers:

1. Administration reports are erroneous, containing a high percentage of error.

2. Agencies have authorized positions, but no funds.

3. The legislature has taken a vacancy factor, and thee are not sufficient funds to cover all positions in the BRU.

Positions which haven't been funded for other reasons should be eliminated.

Co-chairman Dankworth attested to frustrations involved when an agency requests additional PCN's in its upcoming budget while it already has unfilled PCN's. He suggested that if an agency does not use a PCN within a year of establishment, the PCN should cease to be. Mr. Hogan stated that agency personnel have indicated that it is easier to establish a new PCN than to upgrade or retitle an old position.

Co-chairman Bennett restated the fact that of the 1,063 vacant positions, only 28 were unfunded positions; 1,035 unfilled positions were funded.

Senator Stimson raised questions concerning the fact that in the past the legislature has not "recognized" merit increases, resulting in an unrealistic picture of agency salary levels. Jay Hogan acknowledged that funding for unfilled positions may have been used to fund reclassification of filled positions as well as salary increases. He advised of a variety of different patterns used by agencies; no two are the same. Sometimes merit increases have been shown in the budget and sometimes not, depending upon budget instructions received from Budget & Management.

Senator Sturgulewski attested to the fact that the vacancy problem is a "management problem," which ought to be tracked through historical data. She added that a lot of vacant positions relate to vacancy factors and legitimate reasons exist for carrying them. However, such practices represent subterfuge and result in an unclean budget.

Senator Ferguson alluded to problems with the Division of Personnel and its handling of vacancies in rural areas. He stated that state employees from Juneau and Anchorage are placing their names on the state register and filling rural vacancies which should be filled by local residents. He added that the Division of Personnel is a "big factor in who gets what job," and suggested moving the Division from Juneau or "wiping it out" altogether and placing its function in another agency. Co-chairman Dankworth further attested to problems within the Division of Personnel relating to hiring from the state register.

ADJOURNMENT

The meeting was adjourned at approximately 9:50 a.m.

SFC-82, #6, Side 1 (000-end)

sf0303820910

SENATE FINANCE COMMITTEE
March 3, 1982
9:10 a.m.

(Tape SFC 82, # 6, Side 2, 000-601)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 9:10 a.m.

PRESENT

All members of the committee were present with the exception of Senator Ferguson. Also in attendance was Administrative Assistant to Senator Bennett, Judy Johnston; Administrative Assistant to Senator Sturgulewski, Steve Rieger; and Administrative Assistant to Senator Eliason, Lauri Berg.

HB 156

Co-chairman Bennett stated the first order of business would be consideration of Committee Substitute for HB 156 (Rules) amended (AN ACT RELATING TO LEGISLATIVE CONTRACTS). There was a Senate Committee Substitute for HB 156 (Jud) in the file, and Senator Sturgulewski had worked up an amendment work draft to the bill, which would become Senate Committee Substitute for HB 156 (Fin) if adopted by the committee. Co-chairman Bennett requested that Senator Sturgulewski present the legislation to the committee.

Senator Sturgulewski recapped the history of the bill and pointed to the sectional analysis in the file. She said that of the various changes effected by the bill, the contract amount would be raised from $5.0 to $10.0; a "sole source" section would be added; and the legislative member would be allowed to make all the policy decisions while the permanent divisions of the legislature would just handle the advertising, etc. She said the bill would allow the legislature a lot of flexibility; she added that the Legislative Budget and Audit Committee had used these procedures for the past few years and that they had worked out well.

Co-chairman Dankworth was concerned that much of the $10.0 figure would be used for advertising, etc., and wondered if the amount should be raised higher. Discussion followed on such subjects as time periods, numbers of contracts allowed for the same project, and the single source clause. Senator Sturgulewski commented that as long as single source could be justified in writing, it would be allowed.

Co-chairman Bennett expressed concern over the various procedures being used by the Administration, the University of Alaska, the Court System and the Legislature regarding letting of contracts.

He stated he would like legislation mandating that all procedures within the various branches of government be uniform.

Senator Sackett requested that Senator Sturgulewski provide the original contract language as well as the waiver language for the Administration and for the Court System.

Senator Sturgulewski felt that contract procedures for the Administration could be inserted in this bill. She moved and asked unanimous consent that the committee adopt the Amendment for the Judiciary Committee Substitute, so that Senate Commmittee Substitute for HB 156 (Finance) (AN ACT RELATING TO LEGISLATIVE CONTRACTS; AND PROVIDING FOR AN EFFECTIVE DATE). There being no objection, it was so ordered and the Finance Committee Substitute version was before the committee. Senator Sturgulewski moved and asked unanimous consent that the following amendment to Senate Committee Substitute for HB 156 (Finance) be adopted:

> page 3, line [illegible]: after "evaluation" and before "is open for public inspection", add "shall be "filed under AS 24.23.060 and".

There being no objection, it was so ordered.

Co-chairman Bennett reiterated his desire that the legislation language reflect uniform and identical contracting procedures for the Court System, the University of Alaska, the Administration, and the Legislature. Senator Sackett expressed his agreement with that request. Co-chairman Dankworth requested that Senator Sturgulewski provide him with cost estimates of expenses for letting a $10.0 contract.

It was decided that further changes would be made on the legislation language, and that the committee would take the bill up for consideration again at a later time. Senate Committee Substitute for HB 156 (Finance) was returned to the file.

<u>ADJOURNMENT</u>

The meeting adjourned at 9:40 a.m.

(Tape SFC 82, # 6, Side 2, 000-601)

sf0304820910

SENATE FINANCE COMMITTEE
March 4, 1982
9:10 a.m.

SFC-82, #6, Side 2 (601-end)
SFC-82, #7, Side 1 (000-149)

CALL TO ORDER

Co-chairman Don Bennett convened the meeting at approximately 9:10 a.m.

PRESENT

All committee members were present with the exception of Senators Sackett and Stimson. Also attending were Marty Lentz from the Dept. of Commerce; Armin Koernig, respresenting the Prince William Sound Aquaculture Association; Ron Wendte, representing the South Southeast Regional Aquaculture Association; Jerry McCutcheon; Thomas E. Means, representing the Cook Inlet Aquaculture Association; Kent Dawson, representing the Association of Regional Aquaculture Associations; and administrative assistant to Co-chairman Bennett, Judy Johnston.

BILL ASSIGNMENTS

Co-chairman Bennett assigned the following bills:

SB 744 - Dankworth
HB 708 - Sturgulewski

HB 472

Co-chairman Bennett moved that CSHB 472 (Resources) (AN ACT RELATING TO THE MAXIMUM AMOUNTS WHICH MAY BE LOANED UNDER THE FISHERIES ENHANCEMENT LOAN PROGRAM) be brought on for discussion.

Co-chairman Dankworth advised that the legislation would raise the loan limit for fisheries enhancement projects from $6 million to $10 million. Referring to a position paper relative to the legislation (copy attached), he outlined four reasons for increasing the loan limit.

Armin Koernig, President of the Prince William Sound Aquaculture Corporation (Cordova) appeared before committee testifying in support of increasing the loan limit available to non-profit corporations for hatchery construction. Mr. Koernig stressed the fact that while the new loan limit would allow a corporation to borrow up to $10 million, not all hatcheries will cost that much to construct.

Senator Sturgulewski inquired concerning the collection of data relating to hatcheries and the quantity and quality of fish they produce. Mr. Koernig responded that while some individuals consider hatcheries a "high risk" area, last year Prince William Sound Aquaculture Association experienced a total return of 2 million fish (a 10% survival factor). The projection for this year is 6 million. Last year the hatchery became self-sustaining in that it could pay its costs from returning fish.

Co-chairman Dankworth added that the Prince William Sound hatchery is one of the most successful in the State. While other hatchery projects have not been as successful, the Co-chairman agreed that an increase in loan limitation is needed in order that other projects may reach the self-sustaining level.

Responding to questions from Senator Sturgulewski concerning the quality of hatchery stock, Mr. Koernig advised that hatchery stock is selected in accordance with weight and size most suitable to the hatchery. He added that, basically, hatchery fish are no different than wild fish. In fact, hatchery fish maintained in brine tanks and delivered to the cold storage live are fresher.

Co-chairman Dankworth advised that although the subject legislation would increase the fisheries enhancement loan limit, there is, at this time, no money in the revolving loan fund. Mr. Koernig advised that the Governor has requested $50 million for the fund in the FY 83 budget.

Mr. Ron Wendte, Executive Director of the Southern Southeast Regional Aquaculture Association (Ketchikan), next appeared before committee in support of the legislation. He advised of need for the increased loan limit among regional corporations, stating that he is aware of two hatchery facilities which would approach the $10 million ceiling in initial construction. One of the projects is associated with the Tyee Hydroelectric Project. The Tyee project represents an exceptional opportunity for a hatchery because of the extra available water. The hatchery project will require a facility costing approximately $8 million. Financing would not be possible under existing statutes. In addition, Mr. Wendte stated that the statutory change would not only apply to new facilities, but it could be utilized to expand the capacity of existing facilities in order to place them in a better financial position. Referring to benefits derived from hatchery operations by both commercial and sport fishermen, Mr. Wendte advised of benefits resulting from the legislation which go above and beyond what is presently apparent. He concluded his remarks advising of his belief that in the long run hatcheries could pay their own way.

Jerry McCutcheon next appeared before committee advising that organizations which "have" state money should show a return and generate sufficient income to support themselves.

He further alluded to "flack" being generated by the fishing industry regarding proposed dam projects. He added that in this regard, "some kind of education process is needed."

Co-chairman Dankworth advised of his belief that the fishing industry as a whole is not against dam projects, it simply "got labeled" by statements made by a few.

Advising of her support for the legislation, Senator Sturgulewski pointed to need for development in other areas, i.e., the Beluga Coal Fields, agriculture, etc. She stressed the need for planned development so that such projects do not always remain dependant upon state loans. She concluded her remarks by advising that she did not wish to "shut out" the small developer, but felt a need to produce financially viable programs.

Mr. Thomas Means, a biologist with the Cook Inlet Aquaculture Association, next appeared before committee, advising that rumors of industry opposition to dam construction have been "blown out of proportion." The industry has attempted to keep up to date on development studies in order to ensure that resulting reports are accurate and list all aspects of possible impact--especially positive impact. Mr. Means added that at this time his association has no plans for a $10 million facility, but "who knows what the future will hold."

Co-chairman Dankworth moved to pass CSHB 472 (Resources) from committee with a do pass recommendation. No objection having been raised, the bill passed from committee--all members present signing do pass.

ADJOURNMENT

There being no further matters to come before committee at this time, the meeting was adjourned at approximately 9:30 a.m.

SFC-82, #6, Side 2 (601-end)
SFC-82, #7, Side 1 (000-149)

SALMON ENHANCEMENT LOAN FUND ADJUSTMENT

Position Paper

The Salmon Enhancement loan limit should be increased from the present $6 million maximum to $10 million maximum per facility for several reasons: (1) inflation of construction costs; (2) improved return on investment of larger facilities; (3) changing enhancement strategies that are directed towards improving the Alaskan salmon industry's competitive position by a sustained production at a higher level; and (4) to allow for better fisheries management of wild and hatchery fish and longer availability of fish to harvestors.

(1) Construction Inflation. Major public hatcheries, even those started several years ago, when completed cost in excess of $10 million, eg. Klawock, Hidden Falls, Snettisham, Main Bay, Ship Creek, Russell Creek. Inflation, while diminishing lately, has caused numerous cost increases after bid acceptance. Full economic benefits are quite difficult to realize when projects are only partially constructed, thus unable to meet planning assumptions. The production necessary to have hatcheries cover fixed and variable costs may require expenditures above what can be provided within a $6 million ceiling.

(2) Improved Return on Investment. The unit cost of producing salmon has been demonstrated to drop when more are raised at individual facilities. Lower unit costs result in a lower percentage of the total hatchery production having to be sold for operations and debt retirement. Consequently more fish are available to subsistence, sports and commercial fishermen and women--the central objective of the salmon enhancement program.

(3) Salmon Industry Competitive Position. The long run world output of salmon is increasing due to improved management, as well as the output of Russian, Japanese and North American hatcheries. Salmon are an international commodity, and if Alaska is to maintain and improve its market share and economic position, our industry must be as cost competitive as possible. By constructing larger, more cost effective hatcheries, a higher base level of production can be developed. Extreme environmentally caused variations in run sizes that are characteristic of wild fish (six-fold between 1974 and 1982) may well be reduced to as low as two-fold. Processors can consequently produce a steadier out put. Much needed private investment in the processing sector becomes significantly more attractive.

(4) Fisheries Management. In order to insure maximum protection to wild fish, hatcheries are better off raising several

stocks and species of salmon, eg., and early and late returning stock of the same species will minimize interaction of local mid-run timed wild stocks. Also, fish will be available for catching and processing for a longer period of time. Multi-stock and species hatcheries, however, do require larger initial investments but may actually have lower operational costs due to fewer fish being present at any one time.

Ronald W. Wendte

Ronald W. Wendte
Executive Director
Southern Southeast Regional
Aquaculture Association

Armin F. Koernig

Armin Koernig
President
Prince William Sound
Aquaculture Corporation

Thomas E. Mears

for Floyd Heimbuch
Executive Director
Cook Inlet Aquaculture
Association

Pete Esquiro

Peter Esquiro
General Manager
Northern Southeast Regional
Aquaculture Association

sf0308820905

SENATE FINANCE COMMITTEE
March 8, 1982
9:05 a.m.

(Tape SFC 82, # 7, Side 1, 149-164)

CALL TO ORDER

Co-chairman Bennett called the meeting to order at 9:05 a.m.

PRESENT

All members of the committee were present with the exception of Senators Sackett, Ferguson and Stimson. Also in attendance was Judy Johnston, Administrative Assistant to Co-chairman Bennett.

HB 708

Co-chairman Bennett stated the first order of business would be consideration of HB 708 (AN ACT MAKING A SUPPLEMENTAL APPROPRIATION TO THE NEW CAPITAL SITE PLANNING COMMISSION; AND PROVIDING FOR AN EFFECTIVE DATE).

Co-chairman Dankworth moved and asked unanimous consent that HB 708 be passed from committee with individual recommendations. There being no objection, it was so ordered and the committee report was signed "do pass" by all those present.

ADJOURNMENT

The meeting adjourned at 9:06 a.m.

(Tape SFC 82, # 7, Side 1, 149-164)

sf0310820905

SENATE FINANCE COMMITTEE
March 10, 1982
9:05 a.m.

SFC-82, #7, Side 1 (164-end)
SFC-82, #7, Side 2 (000-end)

CALL TO ORDER

Co-chairman Don Bennett convened the metting at approximately 9:05 a.m.

PRESENT

All committee members were present. Also attending portions of the meeting were Senator Vic Fischer; Representative Pat Carney; Commissioner of Education, Dr. Marshall Lind; Deputy Commissioner of Education, Robert Van Slyke; Director of Management for the Department of Education, Marilou Madden; Steve Hole from the Department of Education; Pam Neal representing the Lower Kuskokwim School District; George Krusz representing the Alaska State Chamber of Commerce; Fiscal Analysts Milt Barker, Garrey Peska, and Alison Elgee; and administrative assistants to the Finance Committee, Pete Jeans, David Rogers, and Judy Johnston.

BILL ASSIGNMENTS

Co-chairman Bennett assigned the following bills:

SB 320 - Sturgulewski
SB 617 - Dankworth
SB 651 - Eliason
SB 657 - Sturgulewski
SB 665 - Ferguson
SB 676 - Sackett
SB 679 - Stimson
SB 680 - Ferguson
SB 691 - Sackett
SB 695 - Sackett
SB 732 - Sackett
SB 739 - Dankworth
SB 745 - Stimson
SB 746 - Dankworth
SB 818 - Sturgulewski
SB 820 - Sturgulewski
SB 830 - Dankworth
SB 836 - Dankworth
SB 842 - Sturgulewski
SCR 37 - Eliason
SCR 44 - Bennett

SJR 61

Co-chairman Bennett moved that SSSJR 61 (PROPOSING AMENDMENTS TO THE CONSTITUTION OF THE STATE OF ALASKA RELATING TO APPROPRIATIONS AND CREATING AN INVESTMENT FUND) be brought on for discussion.

Co-chairman Dankworth advised that it was not his intent to move the bill out of committee during the present meeting. The resolution will require serious discussion since it represents important legislation calculated to correct problems created by SJR 4 (proposed constitutional amendment effecting a spending limitation). The Co-chairman stated that he was not in favor of the spending limitation as set forth in SJR 4, and as a legislator felt it his duty to correct deficiencies before they become part of the State Constitution. Directing committee attention to a proposed Committee Substitute for SSSJR 61, Co-chairman Dankworth advised he had drafted a Constitutional Amendment to replace SJR 4.

Section 16 of the proposed Committee Substitute states that the legislature cannot appropriate for the operation of government more money than it receives in taxes. Such a system has worked in the United States for 300 years and will continue to work. If the legislature wishes to increase government, it must be willing to go out and raise taxes. The people will decide whether they think that is wise or not.

Under SJR 4, the spending limit set in 1981 for the coming fiscal year is $2.5 billion. This amount can be increased for inflation and population growth, allowing for an increase to $2.8 billion (9% inflation, 3% population growth). Using Legislative Finance income projections of $2.5, the limitation contained in SJR would allow for expenditure of $300 million more than the state will have. This is not an effective limitation on spending. Accepting the $2.5 figure, provisions requiring that one-third be used for capital leave only $1.2 or $1.3 for operating, $900 million of which is pass-through money. We could not operate the present government with spending limitations as set forth in SJR 4. It is imperative that deficiencies in SJR 4 be corrected.

Under the proposed Committee ubstitute the legislature would have approximately $3.3 billion available in 1984 for operating and capital budgets. More importantly, because figures under SJR 4 were not extended out over future years, future expenditures do not "go down," resulting in a $13 billion deficit. The proposed Committee Substitute will allow for more spending while, from a limitation standpoint, providing for less expenditure as revenue "goes down."

Under CS for SSSJR 61 approximately $1,619,800 would be available for appropriation in 1984 from the resource fund established in Section 17. Bonus sales, rent, royalties, sale of state properties, etc. would go into this fund. Section 17 also states that the legislature can appropriate up to 10% of the interest off the fund for capital projects (assuming an interest rate of 15%, $240 million would be available for capital projects). Referring to page 2 of the Committee Substitute, Co-chairman Dankworth suggested deletion of "interest earned" and the substitution of "earnings," so the sentence set forth on the top of the page would read:

> Earnings on money deposited in the Alaska resource fund shall be deposited in the general fund for appropriation to capital projects.

This would allow for non-cash earnings and represents language better suited to the Constitution.

Section 2 of the proposed Committee Substitute deals with the capitol relocation vote, stipulating that if the people vote to move the capitol, they do not have to vote again for expenditure of move funding. Expenditure of such funding would automatically be authorized with the move vote.

Section 4 of the proposed Committee Substitute eliminates SJR 4.

Co-chairman Dankworth advised that he had spoken with the Governor's Office. The administration is concerned by problems created by SJR 4, but upon reviewing work encompassed in CS for SSSJR 61, is not yet ready to comment upon or endorse the proposed legislation. The administration has no problem with Section 16. Differences in opinions result from Section 17 regarding investment and use of interest on the resource fund. The fund will be invested at market rates rather than placed under restrictions which attend the permanent fund.

The Committee Substitute represents a simple Constitutional Amendment which states that "you can't spend more money to run government than you're willing to tax the people, or the people are willing to pay."

Provisions state that when an asset is liquidated (when a barrel of oil is sold) 50% of the income (other than Prudhoe Bay--25%) goes into the permanent fund, the other 50% goes into a resource fund, and the voters decide how the money should be spent. Co-chairman Dankworth asked that Pete Jeans present to committee a chart demonstrating differences in revenue flow between SJR 41 and CS for SSSJR 61.

Senator Ferguson raised questions concerning last year's vote on SJR 4. Senator Sturgulewski responded that the vote was 16 to 4 in the Senate while the House had only the two-thirds needed for passage. Senator Ferguson advised of his belief that no legislation dealing with a spending limitation will pass this session without an overriding reason. The public is ready to vote on the spending limitation as it currently is. Co-chairman Dankworth pointed to the fact that the current spending limitation "doesn't work." Legislators have an obligation to attempt to correct it before it becomes part of the State Constitution.

Senator Ferguson stated his preference for the Governor to "come in" with a spending limitation bill of his own since the legislature already passed its version. Co-chairman Dankworth disagreed, advising that the legislature should assume leadership in this regard. The legislature amends previously-passed legislation every year in order to correct deficiencies. Spending limitation legislation is no different.

Senator Sturgulewski raised questions concerning use of operating capital, loans, debt service on bonds, dividends from the permanent fund, etc., under Section 16. Co-chairman Dankworth advised that all could be used under Section 16, but that the proposed Committee Substitute does not stipulate that "three-fourths has to be operating and one-fourth capital."

At this time Pete Jeans presented a chart outlining projections of state income and expenditure under SJR 4 and CS for SSSJR 61.

Co-chairman Bennett voiced concern for graph representations based on assumptions that certain things will remain "the same," questioning whether stable conditions include the lifestyle of Alaska's citizens. Alaska currently has a bureaucracy that "flies out every year in plane loads and tells them the water isn't good enough--sewage facilities aren't sufficient, etc." If the bureaucracy is going to be perpetuated, Alaskan lifestyle must be enhanced commensurate with government growth. Improvement of lifestyle requires capital appropriations. Mr. Jeans responded that appropriation of funding would be up to the legislature--it is not "split out" between operating and capital. Money going into the resource fund would be available for voter-approved projects.

Co-chairman Dankworth spoke briefly to the inadvisability of designating the resource fund for capital projects. Responding to questions from Senator Sturgulewski concerning the financing of large projects, Co-chairman Dankworth stated that he could foresee no way in which projects like Susitna could be funded under SJR 4 or CS for SSSJR 61 without "going to the people."

Co-chairman Dankworth concluded his remarks by advising that basically Section 16 says, "You can't spend more money than you collect in taxes to operate government unless the people vote to use it." However, the legislature can take the interest from the resource fund (approximately $240 million the first year) and appropriate that for capital projects. He briefly mentioned other proposals for use of resource fund interest such as disbursement to local governments.

DEPARTMENT OF EDUCATION, FOUNDATION PROGRAM

Senator Stimson requested that representatives from the Department of Education appear before committee to present recommendations regarding the foundation program.

Dr. Marshall Lind, Marilou Madden, and Robert Van Slyke came before committee to discuss ideas relative to changes in foundation funding methods. Dr. Lind advised of growing concern regarding the foundation program and the need to take a thorough look at it. The program was put in place in 1970, prior to REAA's, when the state had only two boroughs with rural schools. Since enactment the program had been modified to cover changes in statewide education. It now represents a good program which needs an overhaul. Dr. Lind proposed:

1. A study of the program be undertaken. The study would take a minimum of two years and would cost approximately $560,000.

2. That the current method of fund distribution be temporarily suspended while the department looks at alternative methods.

Marilou Madden advised of problems under the foundation program where, through reorganization, school districts are able to increase the amount of funding they receive without increasing their student population. She suggested putting a hault to increases other than those based on population.

She further advised of difficulty in making budget cycle projections under the foundation program, the need to pro rate funding, and inequities which occur across school districts because of reorganizations which increase entitlements. She suggested that foundation funding be appropriated on a per student basis rather than upon instructional units. This would shut off the ability to increase foundation funding through reorganization, prove easier to administer, and equalize differences between districts.

Responding to a question from Senator Sackett regarding the effect of reorganization on foundation funding, Ms. Madden stated that the setting up of a junior high school for grades 7 through 9 is more lucrative than inclusion of these students in grade school or high school. Additional buildings also prove lucrative. Placing grades 1 through 3 in one building and 4 through 6 in another building is more lucrative under the foundation than placing all grades in one building. No one foresaw such problems when the foundation was placed in effect.

Responding to questions from Senator Ferguson concerning the method to be used to effect changes, Ms. Madden stated that a change in the foundation would require legislation. She suggested suspending the foundation program for two or three years until the contemplated study is completed. Senator Ferguson suggested instead that the current program remain in place until the study is complete. He added that the districts must know what contemplated changes entail. The necessary changes should be accomplished gradually with district needs in mind.

Deputy Commissioner Robert Van Slyke advised that the Department can "live with the current system" while the proposed study is undertaken, but the Department may be faced with pro ration of foundation funds or the need to seek a supplemental.

Senator Eliason asked that the Department furnish committee members a list of schools which, through reorganization, have increased their entitlement without increasing their student population. Ms. Madden advised that she would provide such information.

Senator Stimson advised that interim arrangements to provide foundation funding while the proposed study is undertaken would provide school districts with the same level of funding they would receive under the current foundation program. Current funding would be divided by the number of students. Increases in the program could then be made by increasing the per pupil cost by a percentage increase. A number of districts have responded positively to foundation changes and acknowledge that the program needs restructuring.

Commissioner Lind said he was convinced that something needs to be done concerning the existing program but assured committee members that the old program would not be dropped until something better is ready to take its place.

Senator Sturgulewski asked if the Department had included funding for the proposed study in the FY 82 budget. Commissioner Lind responded, "We do not have money in the budget at the present time." He added that he was also aware of a number of groups which do not want to "see the interim proposal go through."

ADJOURNMENT

There being no further matters to come before committee at this time, the meeting was adjourned at approximately 10:00 a.m.

SFC-82, #7, Side 1 (164-end)
SFC-82, #7, Side 2 (000-end)