

Exhibit I

ALASKA STATE LEGISLATURE



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REPRESENTATIVE VIC KOHRING DISTRICT 26

February 20, 1998

Commissioner
Deborah Sedwick
Department of Commerce and Economic Development
P.O. Box 110800
Juneau, AK 998911

Dear Commissioner Sedwick:

I read with some concern your comments in the *Juneau Empire* regarding the impact of HB400 on programs and services. You stated that the previous merger bill failed to garner support due to a \$2 million implementation cost, with five years to reach the break even point. You also stated that you believe budget cutting should be at the program level and based on program review.

The primary way HB400 differs from the 1996 bill, HB409, is that it does not cut crucial programs. Cost savings would come from higher-salaried administrative positions. It is my intent to request information from department officials to indicate where cost-savings could best be made. I plan to do this through a process of hearings. In most cases, the individuals actually responsible for carrying out services and programs can provide valuable insight as to where consolidation can occur and where cost-savings could be made.

Second, it reassigns program administration to other departments, consolidating where possible. I have shaped this legislation based on my constituents' requests. An equally important step in the process is to consult with those responsible for carrying out the programs and ask for their expertise. Could I ask you to expand on your concerns from your perspective as Commissioner? I would appreciate your thoughts, concerns and suggestions as to how we may accomplish our mutual interests.

Sincerely,

A handwritten signature in cursive script that reads "Vic Kohring".

VIC KOHRING
State Representative

cc Representative John Cowdery