

# COMMITTEE REPORT

3/7/75

SENATE

Mr. President:

Date March 29, 1975

The Committee on FINANCE has had HB 103  
supplemental appropriation to the Dept. of Community & Regional Affairs  
under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS
- "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

<u>Bill Kay</u>	<u>Henric Chavez</u>	_____
<u>Don Winters</u>	<u>Tom P. ...</u>	_____
<u>John ...</u>		_____
<u>...</u>		_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:

Bill Kay Chairman

January 29, 1975

The Honorable Mike Bradner  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. Speaker:

Pursuant to the Uniform Rules of the Legislature, I am transmitting a bill making a supplemental appropriation to the Department of Community and Regional Affairs in the amount of \$3,177,000.

This appropriation is to be allocated as follows:

\$29,000 to the Neighborhood Youth Corps Program; this amount is requested to balance the Fiscal Year 1973 accounting records for an overexpenditure which was related to the Neighborhood Youth Corps Program;

\$3,148,000 to the Alaska Native Fund. The current year budget was prepared and funds appropriated based on the assumption that the majority of all oil produced would be taxed under the percentage method and thus no portion of the production tax would be paid into the Alaska Native Fund. However, due to an increase in the cents per barrel production tax schedule effective April 1, 1975, it became more advantageous to the State to tax under the cents per barrel method as opposed to the percentage method. Production tax under this method is subject to AS 43.55.015(c), which directs the State to pay into the Alaska Native Fund five cents for each barrel of oil produced under State leases until the State discharges its liability under Section 9 of the Alaska Native Claims Settlement Act.

Sincerely,

Jay S. Hammond  
Governor

HOUSE JOURNAL

HOUSE FINANCE COMMITTEE

MINORITY REPORT ON HOUSE BILL 103

While HB 103 contains two budget requests from the Department of Community and Regional Affairs, it doesn't necessarily follow that they should be packaged under a single budget appropriation bill.

Certain questions come to mind as to the prudence of "piggy-backing" unrelated budget requests - in this case, the \$29,000 Neighborhood Youth Corps program's 1973 over-expenditure item is attached to the state's obligated \$3.1 million payment to the Alaska Native Fund.

Whether or not this "piggy-back" style used here was planned intentionally to hasten the safe passage of the NYC program housekeeping item is not only an interesting strategy, but also a serious problem. As legislators, can we accept the rather arbitrary way that supplemental appropriation bills are packaged to allow questionable budget items to slip through and get funded because they are attached to more significant or popular budget issues?

We're going through hard times, and we must look for ways to tighten up our state's budget. It is imperative that we must exact better job performance on the part of our state employees and insist on greater accountability of our taxpayers' money.

I recommend a Do Pass, if amended to cause the following action:

- 1) Separate the budget request items contained in this bill so that each could be dealt with according to its own merit.

*Thelma Buchholdt*

Thelma Buchholdt  
Vice Chairman

# MEMORANDUM

# State of Alaska

TO: Richard Freer, Commissioner  
Dept. of Administration

DATE: November 15, 1974

FILE NO:

Atten: Myrton R. Charney, Director  
Division of Budget and  
Management

TELEPHONE NO:

FROM: Byron I. Mallott  
Commissioner

SUBJECT: Request for Supplemental  
Appropriation

HB-103

The Department of Community and Regional Affairs requests a supplemental appropriation in the amount of \$29,022 to cover an over-expenditure in our U.S. Department of Labor, Neighborhood Youth Corps In-School/Summer Contract R-1003-02.

Contract R-1003-02 was originally signed in September 1970 for the Neighborhood Youth Corps In-School Program of 1970-71. This contract was between the U.S. Department of Labor and the Office of the Governor, Rural Development Agency. The contract was modified fourteen times to include additional In-School and Summer Programs and continued through November 1972. The total contract amounted to \$2,211,060. The program was administered by the Office of the Governor, Rural Development Agency until July 1972 when responsibility was transferred to the Department of Community and Regional Affairs, Rural Development Assistance Division. Modification thirteen transferred the responsibility to the newly established Department and number fourteen extended the termination date to November 1972.

The over expenditure can be attributed to insufficient accounting controls. Although the Agency was administering several contracts concurrently, the computerized control of the State Accounting system was set at the total budget level rather than on an individual program basis. This allowed one contract to exceed it's authorization as long as the negative balance could be absorbed by the balance of the other contracts. The numerous modifications transferring funds and awarding of new funding and the change in program directors also contributed to the over-expenditure.

Because of Federal delays in closing out this contract, it has only now come to our attention. The contract was audited by Gregor Thorp McCracken Early of Eugene, Oregon in June 1974. They concur with the following over-expenditures:

Personal Services	\$38,694
Travel	(19,292)
Contractual Services	7,834
Equipment	786
	<hr/>
	\$29,022

Therefore, it is requested that \$29,022 be appropriated from the State General Fund to fully cover the over-expenditure.

Introduced: 1/29/75  
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 103

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 Department of Community and Regional Affairs; and  
8 providing for an effective date."

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

10 \* Section 1. The sum of \$3,177,000 is appropriated from the general  
11 fund to the Department of Community and Regional Affairs for the fiscal  
12 year ending June 30, 1975 to be allocated as follows:

13 Neighborhood Youth Corps Program, fiscal year

14 1973 overexpenditure \$ 29,000

15 Alaska Native Fund, cents per barrel oil pro-

16 duction tax transfer under AS 43.55.015(e) 3,148,000

17 \$3,177,000

18 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.  
19 10.070(c).