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SENATE FINANCE COMMITTEE

MAY 13, 1983

8:50 A.M.

TO ORDER

CO-CHAIRMAN JOHN SACKETT CONVENED THE MEETING AT APPROXIMATELY 8:50 A.M.

SENT ALL COMMITTEE MEMBERS WERE PRESENT WITH THE EXCEPTION OF CO-CHAIRMAN BENNETT AND SENATOR FERGUSON.

ALSO PRESENT WERE EUGENE DUSEK, ASSOCIATE DIRECTOR, DIVISION OF BUDGET REVIEW, OFFICE OF MANAGEMENT AND BUDGET; JEFF MORRISON FROM THE OFFICE OF MANAGEMENT AND BUDGET; CHERIE SHELLEY, REPRESENTING APEA; MIKE GREANY, DIRECTOR OF LEGISLATIVE FINANCE; AIDES TO SENATORS AND REPRESENTATIVES; AND REPRESENTATIVES FROM THE PRESS AND TELEVISION MEDIA.

SB 294

CO-CHAIRMAN SACKETT MOVED THAT SB 294 (ACT RELATING TO THE COMPENSATION OF STATE OFFICERS AND EMPLOYEES NOT COVERED BY COLLECTIVE BARGAINING) BE BROUGHT ON FOR DISCUSSION.

SB 82

CO-CHAIRMAN SACKETT FURTHER MOVED THAT SB 82 (ACT MAKING A SUPPLEMENTAL APPROPRIATION TO THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS FOR THE TASK FORCE ON FIRE PREVENTION AND CONTROL) TO BE REPLACED BY CS FOR SB 82 (FINANCE) (ACT MAKING REAPPROPRIATIONS, TRANSFERS AMONG APPROPRIATIONS, MISCELLANEOUS SUPPLEMENTAL APPROPRIATIONS) AND THAT THE CS BE BROUGHT ON FOR HEARING IN CONJUNCTION WITH SB 294 SINCE 294 CONTAINS AUTHORIZATION FOR SALARY INCREASES FUNDED IN CS FOR SB 82 (FINANCE).

EUGENE DUSEK, ASSOCIATE DIRECTOR, DIVISION OF BUDGET REVIEW, OFFICE OF MANAGEMENT AND BUDGET, AND JEFF MORRISON FROM THE OFFICE OF MANAGEMENT AND BUDGET APPEARED BEFORE COMMITTEE TO OFFER A SECTIONAL ANALYSIS OF CS FOR SB 82 (FINANCE).

SECTION 1 APPROPRIATES FUNDING FOR PAY INCREASED NEGOTIATED BY THE ADMINISTRATION, INCLUDING NON-REPRESENTED EMPLOYEES. THE INCREASE BECAME EFFECTIVE AS OF JANUARY 1, 1983. SUBSECTION (3) APPROPRIATES \$420,300 TO CONFIDENTIAL UNITS UNDER A CONTRACT EFFECTIVE AS OF MARCH 16, 1982. FOR SOME REASON, FUNDING FOR THIS CONTRACT WAS NOT INCLUDED IN THE BUDGET LAST YEAR. CONFIDENTIAL UNITS CONSIST OF EMPLOYEES IN THE DIVISION OF PERSONNEL WHO DEAL WITH CLASSIFIED MATERIAL.

SECTIONS 2 AND 3 RELATE TO A PROVISION IN THE STATE LAND SELECTION ACT OF 1978 WHICH ALLOWS FOR A CASH SETTLEMENT IF SUFFICIENT LAND IS NOT AVAILABLE FOR SELECTION BY A MUNICIPALITY. ANCHORAGE WAS THE ONLY MUNICIPALITY WHICH DID NOT HAVE A SUFFICIENT SELECTION. THE MUNICIPALITY WAS ENTITLED TO A \$9 MILLION SETTLEMENT TO BE PAID IN INCREMENTS OF NOT MORE THAN \$4 MILLION A YEAR. IN FY 81 ANCHORAGE RECEIVED \$4 MILLION. IN FY 82 THE REMAINING FUNDING WAS DROPPED OUT

OF THE BUDGET AND FUNDING WAS NOT INCLUDED IN THE FY 83 BUDGET. THE REMAINING \$5 MILLION IS CURRENTLY PAST DUE. THE ADMINISTRATION WISHES TO PAY THE DEBT THROUGH THIS SUPPLEMENTAL. SENATOR MULCAHY ADVISED OF HIS UNDERSTANDING THAT THE MUNICIPALITY IS CONSIDERING SUING THE STATE FOR THE \$5 MILLION. HE ADDED THAT THE MUNICIPALITY WAS ENTITLED TO SELECTION OF A SPECIFIED NUMBER OF ACRES OF LAND OR \$9 MILLION IN LIEU THEREOF. THE MUNICIPALITY IS CONTEMPLATING ACCEPTING THE \$9 MILLION WHICH IT FEELS DOES NOT COVER THE VALUE OF LAND WHICH SHOULD HAVE BEEN AVAILABLE FOR SELECTION AND THEN SUING THE STATE ON THE BASIS OF \$1,000 AN ACRE FOR WHAT IT FEELS IS ITS REMAINING ENTITLEMENT. SENATOR MULCAHY VOICED HIS BELIEF THAT IF THE MUNICIPALITY RECEIVES THE \$9 MILLION, IT SHOULD "SIGN OFF" AND HOLD THE STATE HARMLESS SINCE ANCHORAGE WILL HAVE BEEN COMPENSATED ACCORDING TO STATUTE.

SENATOR FISCHER ADVISED THAT THE MUNICIPALITY HAD SELECTION RIGHTS TO 44 MILLION ACRES. THAT AMOUNT WAS REDUCED TO 23 MILLION BY "CERTAIN PROVISIONS." SINCE LAND WAS NOT AVAILABLE FOR SELECTION, A FORMULA INCORPORATED IN THE ACT PROVIDED THAT LAND COULD BE "FORGONE" IN EXCHANGE FOR \$1,000 PER ACRE. THERE WAS ANOTHER PROVISION WHICH STATED THAT UP TO \$9 MILLION COULD BE GIVEN A MUNICIPALITY. THIS FUNDING HAD TO GO TOWARD TAX REDUCTION IN THE MUNICIPALITY. SENATOR FISCHER ADVISED THAT HE HAD BEEN RESEARCHING THE EXTENT TO WHICH PAYMENT OF THE \$9 MILLION ELIMINATES FURTHER OBLIGATION WITH RESPECT TO THE REMAINING BALANCE OF LAND DUE THE MUNICIPALITY. DRAFT LEGISLATION HAS BEEN PREPARED ATTEMPTING TO DEAL WITH THE PROBLEM. HE ADVISED THAT THERE IS NO "TALK" OF A LAWSUIT BY THE MUNICIPALITY AGAINST THE STATE. SENATOR FISCHER STATED THAT HIS INTEREST LIES IN RESOLVING THE CONFUSION AND CONTROVERSY. HE FURTHER ADVISED THAT HE HAD RECOMMENDED THE MUNICIPALITY NOT ACCEPT THE REMAINING \$5 MILLION IF IT MEANS ELIMINATING ALL CLAIMS TO A MORE SATISFACTORY SETTLEMENT. SENATOR FISCHER EXPRESSED A DESIRE TO RETAIN SECTION 2 BUT TO DELETE SECTION 3 IN ORDER THAT ANCHORAGE MAY PURSUE THE MATTER OF LAND EXCHANGES AND IN LIEU SELECTIONS.

SENATOR MULCAHY ADVISED THAT HE HAS NO PROBLEM WITH THE MUNICIPALITY'S DESIRE TO PURSUE THE MATTER BEYOND EXISTING STATUTE. IF IT CHOOSES TO DO SO, HOWEVER, IT SHOULD NOT BE FUNDED UNDER THE EXISTING STATUTE.

SENATOR JOSEPHSON ADVISED THAT THE MUNICIPALITY, LIKE AN INDIVIDUAL, MAY ALWAYS PETITION THE GOVERNMENT FOR REDRESS. IF THE MUNICIPALITY WANTS A POLICY OR LEGISLATIVE CHANGE IN THE FUTURE, IT SHOULD BE ABLE TO PURSUE IT. HE RESTATED THE FACTS SURROUNDING THE SITUATION WHEREBY ANCHORAGE WAS ENTITLED TO SELECTION OF 44 THOUSAND ACRES OF LAND. APPROXIMATELY HALF THAT AMOUNT WAS AVAILABLE RESULTING IN A DEFICIENCY OF 22 THOUSAND ACRES. ON THE BASIS OF \$1,000 AN ACRE, ANCHORAGE WAS ENTITLED TO PAYMENT OF \$22 MILLION. HOWEVER, THE STATUTE LIMITS PAYMENT TO \$9 MILLION. THE MUNICIPALITY MERELY WISHES TO COLLECT THE DIFFERENCE WHICH REMAINS DUE. PAYMENT OF THE \$5 MILLION CURRENTLY DUE SHOULD BE MADE WITHOUT PREJUDICE TO THE LEGISLATURE MAKING POLICY CHANGES BASED ON INEQUITIES IN THE EXISTING PROGRAM.

DISCUSSION OF THE SITUATION BETWEEN SENATORS MULCAHY, FISCHER, AND JOSEPHSON CONTINUED. CO-CHAIRMAN SACKETT ADVISED OF A NEED FOR EACH LEGISLATOR TO UNDERSTAND EXACTLY WHAT HAS HAPPENED FROM INCEPTION TO THE CURRENT TIME. HE NOTED THAT SECTIONS 2 AND 3 REPRESENT CONTROVERSIAL AREAS AND MOVED TO DELETE THEM FROM THE BILL. SECTIONS 4 AND 5 REPRESENT SUPPLEMENTAL APPROPRIATIONS FOR THE

STATE'S PORTION OF THE TEACHERS' RETIREMENT SYSTEM. THIS INCLUDES \$1.467 FOR FY 82 AND \$2.136 MILLION FOR FY 83. THIS FUNDING IS THE STATE'S MATCH TO RETIREMENT FUNDS PROVIDED BY LOCAL SCHOOL DISTRICTS. SECTION 6 REPRESENTS THE DEPT. OF REVENUE ESTIMATE OF THE AMOUNT NEEDED TO REFUND POLITICAL CONTRIBUTIONS FROM LAST YEAR (\$6 MILLION). IN SECTION 7, THE \$1.97 MILLION APPROPRIATION TO HEALTH AND SOCIAL SERVICES FUNDS COSTS OF THE INCREASED PRISON POPULATION. SENATOR FAIKS ADVISED THAT THE REQUESTED FUNDING IS NOT INCLUDED IN THE OPERATING BUDGET.

IN SECTION 8, THE SUM OF \$89 THOUSAND WILL PAY CLAIMS AGAINST THE STATE THROUGH THE DEPT. OF LAW.

SECTION 9 REPRESENTS A REDUCTION OF FUNDING FOR THE CAPITAL SITE PLANNING COMMISSION.

CO-CHAIRMAN SACKETT ADVISED THAT CS FOR SB 82 (FINANCE) REPRESENTS PURELY SUPPLEMENTAL FUNDING, WHILE CS FOR SB 158 (FINANCE) WILL CONTAIN REAPPROPRIATION FUNDING. HE ADMONISHED THAT NO LEGISLATOR IS TO USE ANY REAPPROPRIATION FUNDS OTHER THAN FROM PROJECTS WHICH WERE SPECIFICALLY HIS OR HERS IN PREVIOUS YEARS.

SECTIONS 10 AND 11. SECTION 10 REPRESENTS THE APPROPRIATION WHILE SECTION 11 REPRESENTS THE ALLOCATION OF THE REDUCTION FROM THE SCHOOL FINANCE STUDY.

SECTION 12 RELATES TO \$73 MILLION APPROPRIATED TO THE DEPT. OF REVENUE FOR REFUND OF PERSONAL INCOME TAXES. APPROXIMATELY \$12.5 MILLION LESS THAN ORIGINALLY ESTIMATED WILL BE NEEDED. PART OF THE REDUCTION IS REFLECTED IN THIS BILL; THE REMAINDER WILL BE REFLECTED IN REAPPROPRIATION LEGISLATION.

SECTION 13 REPRESENTS A REDUCTION OF FY 83 PERMANENT FUND DIVIDEND HOLD HARMLESS FUNDING.

SECTION 14 REPRESENTS FUNDING WHICH SHOULD HAVE BEEN VETOED SINCE THE FUNDING WAS APPROPRIATED THROUGH A FISCAL NOTE WHICH ACCOMPANIED A BILL WHICH HAD BEEN "STRIPPED" AND HAD NO FISCAL IMPACT.

SECTION 15 DEALS WITH A LEASE PAYMENT WHICH WAS BUDGETED BOTH IN THE DEPT. OF ADMINISTRATION AND THE COURT SYSTEM.

SECTION 16 CONTAINS THE ALLOCATION OF THE PRECEDING FUNDING.

SECTION 17 PROVIDES FOR CONSOLIDATION OF THE OFFICE OF MANAGEMENT AND BUDGET INCLUDING MOVING EXPENSES, FURNITURE, AND COMPONENTS.

SECTION 18 PAYS ADDITIONAL OPERATING COSTS IN THE DEPT. OF ADMINISTRATION RELATING TO THE PUBLIC DEFENDERS OFFICE. FUNDING IS ASSOCIATED WITH THE MEACH CASE.

SECTION 19 REPRESENTS ADDITIONAL FUNDING NEEDED FOR OPERATION OF THE ALCOHOLIC BEVERAGE CONTROL BOARD

IN SECTION 20, FUNDING OF \$6.5 MILLION TO DEPT. OF EDUCATION FOR SCHOOL DEBT RETIREMENT WOULD ENABLE FUNDING OF THE FY 83 ENTITLEMENT AT APPROXIMATELY 90% OF FULL ENTITLEMENT. FOR DEBT ISSUED ON OR AFTER JANUARY 1, 1982, FULL ENTITLEMENT IS 90%.

IN SECTION 21, THE \$300,000 TO THE ALASKA SCHOOL ACTIVITIES ASSOCIATION PROVIDES FOR INSTATE TRAVEL FOR MUSIC AND SPORTS ACTIVITIES. MR. DUSEK ADVISED THAT FUNDING WOULD REIMBURSE SCHOOL DISTRICTS FOR TRAVEL EXPENSES ALREADY EXTENDED. FUNDING WAS PROVIDED LAST YEAR THROUGH A SUPPLEMENTAL SINCE FUNDING HAD NOT BEEN INCLUDED IN THE OPERATING BUDGET. SENATOR FAIKS ADVISED THAT FUNDING FOR THIS TRAVEL IS INCLUDED IN THE FY 84 BUDGET AND ASKED WHY IT HAD NOT PREVIOUSLY BEEN FUNDED IN THE BUDGET. MR. DUSEK CORRECTED HIS PRIOR STATEMENT, ADVISING OF FUNDING FOR ACTIVITY TRAVEL IN THE AMOUNT OF \$285,000 UNDER CH. 101. SENATOR FAIKS QUESTIONED THE NEED FOR AN ADDITIONAL \$300,000 TO BE ADDED TO THE \$285,000. QUESTIONS AROSE

CONCERNING WHETHER OR NOT THE \$285,000 HAD BEEN VETOED, AND CO-CHAIRMAN SACKETT INSTRUCTED COMMITTEE STAFF TO OBTAIN BACKUP INFORMATION REGARDING THE FUNDING.

IN SECTION 22, FUNDING OF \$305,900 RELATES TO INCREASED STAFF SUPPORT AT API AS A RESULT OF THE MEACH CASE. FUNDING PROVIDES FOR 17 ADDITIONAL SECURITY EMPLOYEES.

IN SECTION 23, FUNDING OF \$205,900 REPRESENTS A REDUCTION OF THE ORIGINAL JANUARY REQUEST FOR FUNDING FOR CREATION OF THE DEPT. OF CORRECTIONS. THE NEW TOTAL REPRESENTS FUNDING REQUIRED IF THE DEPT. WAS CREATED AS OF MAY 1. CO-CHAIRMAN SACKETT REQUESTED THAT MR. DUSEK COMPUTE THE COST AS OF JUNE 1. NEEDED FUNDING WAS LATER DETERMINED TO BE \$161,700.

SECTION 24. MR. DUSEK ADVISED THAT FUNDING SPECIFIED FOR 1983 SHOULD READ "1979." IN '79 THE STATE RECEIVED A GRANT FROM THE DEPT. OF AGRICULTURE WHICH WAS NOT USED. THE UNUSED FEDERAL FUNDS LAPSED INTO THE GENERAL FUND. THE FEDERAL GOVERNMENT NOW WANTS THIS MONEY BACK. SECTION 25 RELATES TO THE FRONTIER BUILDING MOVE IN ANCHORAGE. DNR WAS THE ONLY DEPARTMENT UNABLE TO ABSORB MOVING COSTS AND HAS HAD TO LET EMPLOYEES GO IN ORDER TO COVER SOME OF THE COST. CO-CHAIRMAN SACKETT REQUESTED THAT MR. DUSEK PROVIDED BACKUP MATERIAL ON THE NUMBER OF PERSONS INVOLVED IN THE MOVE GIVING RISE TO THE \$150,000 REQUEST INCLUDED IN THIS SECTION.

SECTION 26. THE REQUEST FOR AN ADDITIONAL \$210,000 IS BASED UPON APPLICATIONS CURRENTLY ON HAND AND THOSE EXPECTED TO BE RECEIVED BEFORE JUNE 30.

IN SECTION 27, FUNDING OF \$130,000 RESULTS FROM GRIEVANCES FILED BY TWO SEPARATE GROUPS AGAINST THE DEPT. OF PUBLIC SAFETY. THE GRIEVANCES INVOLVED RAISES IN PAY FOR CERTAIN CLASSES OF EMPLOYEES AND RESULTED IN ACROSS-THE-BOARD INCREASES FOR THESE EMPLOYEES.

IN SECTION 28, FUNDING REPRESENTS AN OVERRUN IN OPERATING COSTS UNDER PERSONAL SERVICES. THE NEW COMMISSIONER OF PUBLIC SAFETY INTENDS TO GAIN CONTROL OVER THESE COSTS.

SENATOR FAIKS RAISED QUESTIONS CONCERNING A COMPARISON OF SUPPLEMENTAL REQUESTS OVER THE YEARS, ASKING IF SOME DEPARTMENTS REQUEST THEM MORE OFTEN THAN OTHERS. CO-CHAIRMAN SACKETT ANSWERED THAT SOME DEPARTMENTS TRADITIONALLY REQUEST A SUPPLEMENTAL EVERY YEAR WHILE OTHERS NEVER ASK FOR THEM.

SECTION 29 RELATES TO MISCELLANEOUS CLAIMS AGAINST THE STATE AND STALE DATED WARRANTS, ETC.

SECTIONS 30, 31, AND 32 REPRESENT REDUCTIONS IN VARIOUS SOCIAL SERVICES PROGRAMS TO "GET DOWN TO" THE AMOUNT THE DEPT. ESTIMATES WILL BE NEEDED FOR FY 83.

SECTION 33 CONTAINS AN APPROPRIATION TO ALASKA LEGAL SERVICES. FUNDING WAS AT ONE TIME INTENDED TO COME FROM FDIF, BUT BASED UPON INFORMATION FROM THE DEPT. OF LAW AND THE LEGISLATIVE AUDITOR, FUNDING IN THAT MANNER WOULD HAVE RESULTED IN PROBLEMS. CO-CHAIRMAN SACKETT ASKED IF LEGAL SERVICES WAS FUNDED LAST YEAR. MR. DUSEK ADVISED THAT IT WAS FUNDED FOR \$300,000 IN THE FY 83 BUDGET. CO-CHAIRMAN SACKETT QUESTIONED THE NEED TO ADD \$300,000 WHEN THE PRESENT BUDGET FOR ALASKA LEGAL SERVICES IS \$300,000. MR. DUSEK RESPONDED, "THEY WERE CUT QUITE A BIT IN FEDERAL FUNDS." SENATOR FAIKS ADVISED THAT SHE HAD EXAMINED THE AUDIT SHEETS AND DETERMINED THAT ALASKA LEGAL SERVICES HAS A FUND BALANCE IN EXCESS OF "A COUPLE HUNDRED THOUSAND IN THE BANK." CO-CHAIRMAN SACKETT DIRECTED THAT SECTION 33 BE REMOVED FROM THE BILL. NO OBJECTION HAVING BEEN RAISED, THE SECTION WAS DELETED.

SECTION 34 REPRESENTS AN FY 82 OBLIGATION OF THE STATE TO THE PRESBYTERIAN HOSPITALITY HOUSE THROUGH THE DEPT. OF HEALTH AND SOCIAL SERVICES. IT WAS THE INTENT TO FUND THE OBLIGATION OUT OF THE FY 83 BUDGET, HOWEVER THERE WAS NOT A SUFFICIENT LAPSE TO DO SO.

SECTION 35 RELATES TO FISHERIES ENHANCEMENT TAX RECEIPTS. THE DISTRICTS ESTABLISH THE TAX UPON THEMSELVES AND IN THE PAST COLLECTED IT DIRECTLY. THE COURT SUBSEQUENTLY RULED THAT SUCH COLLECTION WAS ILLEGAL, AND THE DEPT. OF COMMERCE MUST NOW MAKE THE COLLECTION. THE INTENT IS THAT COLLECTED FUNDING BE PASSED BACK TO DISTRICTS GENERATING THE FUNDING.

CO-CHAIRMAN SACKETT DIRECTED THAT SECTIONS 2 AND 3 BE DELETED FROM CS FOR SB 82 (FINANCE) AND CONSIDERED FOR PLACEMENT IN THE REAPPROPRIATION BILL.

CO-CHAIRMAN SACKETT ADVISED THAT THE SCHOOL ACTIVITIES ASSOCIATION WAS FUNDED \$163,000 IN LAST YEAR'S BUDGET UNDER OTHER COMMISSIONS AND ASSOCIATIONS (P. 28). HE MOVED THAT SECTION 21 BE DELETED FROM CS FOR SB 82 (FINANCE) FOR POSSIBLE CONSIDERATION IN THE REAPPROPRIATION BILL. NO OBJECTION HAVING BEEN RAISED, SECTION 21 WAS DELETED.

SENATOR FAIKS MOVED FOR ADOPTION OF AN AMENDMENT PROVIDING \$125,000 TO LEGISLATIVE AFFAIRS, THE SENATE ADVISORY COUNCIL, AND THE OMBUDSMAN'S OFFICE (LAA - \$21,900, SAC - 33,900, OMBUDSMAN - \$69,600) FOR SALARY INCREASES FOR FY 83. SHE EXPLAINED THAT THE 1982 LEGISLATURE ENACTED SALARY INCREASES FOR LEGISLATORS AND EMPLOYEES OF THE LEGISLATIVE BRANCH BUT FAILED TO APPROPRIATE FUNDS NECESSARY TO PAY EVERYONE. LEGISLATIVE AFFAIRS WAS DIRECTED BY THE LEGISLATIVE COUNCIL TO PAY THE INCREASES AND SUBMIT A SUPPLEMENTAL FOR ADDITIONAL FUNDS. THE ORIGINAL APPROPRIATION WAS OVER A MILLION DOLLARS. THE AGENCY WAS ABLE TO ABSORB SOME OF THE INCREASE WITHIN THE FY 83 BUDGET. THE \$125,000 REPRESENTS THE PARRED DOWN AMOUNT WHICH CANNOT BE ABSORBED. NO OBJECTION TO THE AMENDMENT HAVING BEEN RAISED, IT WAS ADOPTED FOR INCLUDING IN CS FOR SB 82 (FINANCE).

SENATOR FAIKS RAISED QUESTIONS CONCERNING SALARY INCREASES FOR TEMPORARY EMPLOYEES OF THE LEGISLATURE. CO-CHAIRMAN SACKETT ADVISED SENATE PRESIDENT KERTTULA ASKED THAT THE LEGISLATURE "HOLD OFF" ON THIS BECAUSE OF PROBLEM SITUATIONS WHEREIN SOME LEGISLATORS, IN ORDER TO GIVE THEIR EMPLOYEES A SALARY INCREASE, CHANGED THE DESIGNATION OF SECRETARY TO ADMINISTRATIVE OR RESEARCH ASSISTANT. A RAISE ACROSS-THE-BOARD WILL RESULT IN AN ADDITIONAL INCREASE FOR THESE POSITIONS. THE MATTER WILL BE DISCUSSED IN CAUCUS.

SENATOR MULCAHY MOVED THAT CS FOR SB 82 (FINANCE) PASS FROM COMMITTEE WITH INDIVIDUAL RECOMMENDATIONS. NO OBJECTION HAVING BEEN RAISED, THE BILL PASSED FROM SENATE FINANCE--ALL MEMBERS PRESENT SIGNING "DO PASS."

MR. DUSEK ADVISED THAT WHILE THE PAY RAISE FOR UNION EMPLOYEES IS INCLUDED IN THE CONTRACT BETWEEN THE UNION AND THE STATE, PAY RAISES SET FORTH IN SB 294 RELATE TO EXEMPT EMPLOYEES--THOSE NOT COVERED BY THE UNION CONTRACT. THE POLICY OF THE ADMINISTRATION IS TO GRANT NON-UNION EMPLOYEES THE SAME PAY RAISES AS UNION MEMBERS. THE RAISE REPRESENTS A 5% PLUS \$5 A MONTH INCREASE OVER LAST YEAR. RESPONDING TO A QUESTION FROM SENATOR JOSEPHSON CONCERNING RETROACTIVE PAYMENT OF INCREASES, CO-CHAIRMAN SACKETT ADVISED THAT IT IS THE POLICY OF THE LEGISLATURE TO FUND NON-COVERED PEOPLE IDENTICALLY TO COVERED PEOPLE.

SENATOR MULCAHY MOVED THAT SB 294 PASS FROM COMMITTEE WITH INDIVIDUAL RECOMMENDATIONS. NO OBJECTION HAVING BEEN RAISED, THE BILL PASSED FROM SENATE FINANCE--ALL MEMBERS SIGNING "DO PASS."

JOURNMENT

THERE BEING NOTHING FURTHER TO COME BEFORE COMMITTEE AT THIS TIME,
THE MEETING WAS ADJOURNED AT APPROXIMATELY 9:50 A.M.

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CHAMBER = H
DATE = 062383
TIME = 1900
YEAR = 83
MEETING ID

HOUSE FINANCE COMMITTEE
JUNE 23, 1983
7:00 P.M.

CALL TO ORDER

CHAIRMAN ADAMS CALLED THE MEETING TO ORDER AT 6:55 P.M. AND INFORMED MEMBERS THEY WOULD TAKE UP WHERE THEY LEFT OFF THAT AFTERNOON IN THE CONSIDERATION OF SB 215, AND CONTINUE WITH SB 82 AND SB 294.

PRESENT

ALL MEMBERS OF THE COMMITTEE WERE PRESENT. ALSO PRESENT:
REPRESENTATIVE HUGH MALONE, ROBERT MAYNARD, ASSISTANT ATTORNEY GENERAL, JOHN TELLINGHAS, EUGENE DUSEK, JEFF MORRISON, REPRESENTATIVE MIKE MILLER - JUNEAU.

TEXT

SB 215
SB 215 - AUTHORIZING THE USE OF THE ALASKA PERMANENT FUND INCOME TO PAY LONGEVITY BONUSES; AMENDING THE LONGEVITY BONUS PROGRAM AND THE PERMANENT FUND DIVIDEND DISTRIBUTION PROGRAM; AND PROVIDING FOR AN EFFECTIVE DATE.

REPRESENTATIVE HUGH MALONE, HOUSE DISTRICT #5, STATED THAT SB 215 WAS DESIGNED TO RESOLVE THE LAW SUIT AGAINST THE STATE LONGEVITY BONUS PROGRAM. HE STATED IT WAS HIS OPINION THE LEGAL ISSUES WERE FAIRLY WELL COVERED IN THE SENATE BILL. HE STATED MANY AREAS NEEDED MORE INPUT AND CONSIDERING THE TIME FRAME OF THIS SESSION IT COULD WAIT UNTIL NEXT SESSION IN 1984 TO ADDRESS THOSE ISSUES, KEEPING IT AT IT'S CURRENT LEVEL UNTIL THAT TIME.

REPRESENTATIVE WARD ASKED IF HE HAD HAD A CHANCE TO REVIEW THE HOUSE COMMITTEE SUBSTITUTE. REPRESENTATIVE MALONE SAID HE HAD, AND IN HIS OPINION THE LONGEVITY BONUS OUGHT TO BE PAID OUT OF THE GENERAL FUND. REPRESENTATIVE DUNCAN REFERENCED PAGE 7 AND 8 AND ASKED REPRESENTATIVE MALONE TO SUMMARIZE HIS INTENT ON THOSE TWO LINES OF THE PROPOSAL DISTRIBUTED BY REPRESENTATIVE MALONE. REPRESENTATIVE MALONE STATED IT WAS HIS RECOMMENDATION THEY CONTINUE THE PROGRAM DURING FY 84, AND PROCEED DURING THE INTERIM AND DURING THE NEXT SESSION TO ARRIVE AT A LONG RANGE SOLUTION, AND DURING THAT TIME FUND THE PROGRAM FROM THE STATE GENERAL FUND APPROPRIATIONS.

ROBERT MAYNARD, ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF LAW STATED HE WAS THERE TO TESTIFY ON ONLY ONE PORTION OF THE HCS FOR CSSB 215, WHICH ALLOWS A CLASS OF PERSONS WHO WERE IN THE STATE IN 1959 TO BE QUALIFIED FOR THE PROGRAM. HE STATED THE 1959 CLAUSE DOES NOT SOLVE THE LEGAL PROBLEM AND DOES NOT TAKE CARE OF THE VEST CASE AS IT DOES NOT TREAT EVERYONE THAT WAS 65 YEARS OR OLDER EQUALLY AFTER THE PERIOD OF THE COMPLAINT. HE STATED THE QUESTION THAT HAD TO BE RESOLVED FOR THE COURTS SATISFACTION, WOULD BE "WHAT IS THE REASON FOR TREATING A CLASS OF PEOPLE, IE; PERSONS HERE BEFORE 1959 DIFFERENTLY THAN THE PEOPLE ARRIVING IN THE STATE AFTER THAT TIME, YET THEY ARE RESIDENTS. HE STATED THERE WAS A PROBLEM WITH THE PURPOSE CLAUSE IN THE BILL, IT STATES YOU GIVE ALL ELDERING ALASKAN'S CARE, AND SAID THE COURTS WOULD IMMEDIATELY SAY THEY ARE NOT MEETING

THEIR OWN PURPOSE. HE STATED THE COURTS WOULD CRY IT OUT JUST ON THAT TECHNICAL REASON ALONE. HE SAID THE PROBLEM GOES DEEPER THAN THAT IN THAT THEY HAVE NOT HEARD OF ANY CONSTITUTIONAL PURPOSE FOR TREATING PEOPLE WHO ARRIVED BEFORE 1959. HE STATED THAT THE OBVIOUS REASON WAS BECAUSE THOSE PEOPLE WERE PIONEERS, AND STATED THEY WOULD HAVE TO FIND ANOTHER PURPOSE, ANOTHER IDENTIFIABLE TRAIT FOR PEOPLE WHO WERE HERE PRIOR TO 1959.

REPRESENTATIVE LINDAUER ASKED WHAT WOULD HAPPEN IF THEY AUTOMATICALLY QUALIFY PEOPLE AT 25 YEARS. MR MAYNARD STATED THAT WOULD BE VERY SIMILAR TO THE ALASKA SUPREME COURT'S RECENT RULING REGARDING THE LAND DISCOUNT PROGRAM IN THAT IT WAS UNCONSTITUTIONAL, AND THE 25 YEAR PROVISION WOULD HAVE VERY LITTLE CHANCE.

JOHN TELLINGHAS, COUNCIL FOR SENATE ADHOCK RESIDENCY COMMITTEE, THE DRAFTER OF SB 215, STATED ONE OF THE OPTIONS THEY DID CONSIDER IN THE REPORT WAS THE ANNUITY OPTION WHERE EITHER EVERYBODY OR ANYBODY WHO WANTED TO HAVE THE DIVIDEND PUT IT INTO AN ANNUITY ACCOUNT. THEY FOUND THAT PEOPLE 45 YEARS OLD NOW WOULD HAVE A VERY HEALTHY ANNUITY ACCOUNT. HE STATED HE DID NOT SEE A CONSTITUTIONAL PROBLEM WITH IT. HE SAID THAT AS A FISCAL MATTER, THE ANNUITY OPTION HAS MUCH TO BE SAID FOR AND A LOT OF SUPPORT. THE TWO DOWNSIDE PROBLEMS WOULD BE IT WOULD TAKE SEVERAL YEARS FOR THE DIVIDENDS TO AMOUNT TO AN ANNUALIZED ANNUITY. HE STATED THE OTHER PROBLEM WAS THAT IT WOULD TAKE THE ENTIRETY OF THE PERMANENT FUND DIVIDEND INSTEAD OF THE 25 %, AS DOES SB 215. MR. TELLINGHAS STATED THERE WAS A GREAT DEAL OF DEBATE AS TO WHETHER OR NOT 12.5% OF PERMANENT FUND EARNINGS WOULD RESULT IN LONGEVITY BONUS PAYMENTS EQUAL TO THE CURRENT PAYMENTS, OR SUBSTANTIALLY LESS. HE SAID THAT WAS A FUNCTION OF POPULATION FIGURES WHICH EVERYONE WAS GUESSING ON. HE STATED THAT REPRESENTATIVE MALONE AND THE ADMINISTRATION HAVE BEEN ASSUMING THAT EVERY ELDERLY WHO HAS HAD AN APPLICATION ACCEPTED FOR A PERMANENT FUND DIVIDEND WOULD ALSO BE ELIGIBLE FOR THE LONGEVITY BONUS. HE SAID THE PERMANENT FUND DIVIDEND PROGRAM HAS A 6 MONTH RESIDENCY REQUIREMENT AND THE LONGEVITY BONUS HAS A ONE YEAR REQUIREMENT. MR. TELLINGHAS REFERENCED THE PROPOSED FINANCE COMMITTEE SUBSTITUTE AND STATED THAT AS FAR AS RETAINING THE JANUARY 3, 1959 RESIDENCY REQUIREMENT, HE THOUGHT IT CONCEIVABLE THAT A COURT WOULD UPHOLD SUCH A REQUIREMENT BASED UPON THE RATIONALE THAT EVERYONE HERE DURING TERRITORIAL DAYS WERE DENIED THE FRANCHISE, AND TO COMPENSATE THOSE PEOPLE FOR THE LACK OF FRANCHISE WAS A LEGITIMATE PURPOSE FOR THE ALB PROGRAM. HE SAID HIS ADVICE TO THE COMMITTEE WOULD BE THEY WOULD NOT HAVE A REALISTIC CHANCE IN RETAINING THAT PROVISION. HE STATED HE FELT COMFORTABLE WITH THE GRANDFATHER CLAUSE OF THE BILL. HE STATED IF THAT CLAUSE WAS MAINTAINED AFTER 1984, THEY HAVE BASICALLY TURNED IT INTO A SPECIAL INTEREST BILL FOR PEOPLE WHO ARE 65 YEARS OLD AS OF A CERTAIN DATE, AND STATED THAT AT THAT POINT IN TIME THEY WOULD LOSE THE RATIONALE OF USING THE PERMANENT FUND.

REPRESENTATIVE BETTISWORTH MOVED TO REPORT OUT OF COMMITTEE HCS FOR CSSB 215 (FIN), AND ASKED UNANIMOUS CONSENT. REPRESENTATIVE LINDAUER OBJECTED FOR THE OPINION OF THE CHAIRMAN AND THE VICE-CHAIRMAN STATING, IF IT PASSED OUT AS IS, AND GOES ON THE FLOOR AS IS, WOULD THEY IN FACT BE IN AN UNCONSTITUTIONAL SITUATION THAT WOULD END UP SPENDING HUNDREDS OF MILLIONS OF DOLLARS LOSING THE VEST CASE, SO THAT ALL THEY WOULD BE DOING WOULD BE FOR POLITICAL REASONS. CHAIRMAN ADAMS STATED HE DID AGREE WITH REPRESENTATIVE LINDAUER'S ARGUMENT ON THAT AND STATED HE WOULD HAVE RULES LOOK AT THAT ISSUE ON SECTION 4.

CHAIRMAN ADAMS STATED THERE WAS A TECHNICAL AMENDMENT WHICH NEEDED TO BE MADE.

REPRESENTATIVE BETTISWORTH WITHDREW HIS MOTION.

CHAIRMAN ADAMS MOVED TO AMEND HCS FOR CSSB 215 (FIN) PAGE FOUR, LINE 26, DELETING "ONLY BE", AND REPLACE WITH "BY", AND ASKED UNANIMOUS CONSENT. THERE BEING NO OBJECTION, IT WAS SO ORDERED.

AMENDMENT #1, HCS FOR CSSB 215 (FIN) PASSED UNANIMOUSLY.

REPRESENTATIVE LINDAUER MOVED TO AMEND HCS FOR CSSB 215 (FIN) PAGE 2, LINE 14 PLACE A "PERIOD" AFTER THE WORD "OVER" AND DELETE THE FOLLOWING, "WHO WAS A RESIDENT OF THE TERRITORY ON OR BEFORE JANUARY 3, 1959", AND ASKED UNANIMOUS CONSENT. REPRESENTATIVE BETTISWORTH OBJECTED. A ROLL CALL VOTE WAS TAKEN.

IN FAVOR: REPRESENTATIVE LINDAUER.

OPPOSED: REPRESENTATIVES' ADAMS, BETTISWORTH, DUNCAN, GRUSSENDORF, HURLBERT, MARTIN, PESTINGER, WARD, ZHAROFF, AND ABOOD.

AMENDMENT #2 FAILED - (10-1.)

REPRESENTATIVE BETTISWORTH MOVED TO REPORT OUT OF COMMITTEE HCS FOR CSSB 215 (FIN) AS AMENDED WITH THE FISCAL NOTE DATED 6/23/83 AND ASKED UNANIMOUS CONSENT. THERE BEING NO OBJECTION, IT WAS SO ORDERED.

HCS FOR CSSB 215 (FIN) WAS REPORTED OUT OF COMMITTEE WITH THE FISCAL NOTE DATED 6/23/83, AND INDIVIDUAL RECOMMENDATIONS.
SB 82

SB 82 - MAKING REAPPROPRIATIONS, TRANSFERS AMONG APPROPRIATIONS, MISCELLANEOUS SUPPLEMENTAL APPROPRIATIONS; AND PROVIDING FOR AN EFFECTIVE DATE.

CHAIRMAN ADAMS STATED THIS BILL WAS THE FY 83 SUPPLEMENTAL APPROPRIATION REQUESTED BY THE ADMINISTRATION. HE STATED THE LARGEST ITEM WAS THE FY 83 SALARY INCREASE MONEY. HE STATED THE APPROPRIATION HAD BEEN REDUCED FROM THE GOVERNORS ORIGINAL REQUEST AND IS CONSISTANT WITH THE HOUSE POSITION AND CONFERENCE COMMITTEE ON FY 84 SALARY INCREASES. CHAIRMAN ADAMS STATED SB 82 ALSO CONTAINED NUMEROUS APPROPRIATIONS FOR VARIOUS STATE AGENCIES. THE OFFICE OF MANAGEMENT AND BUDGET HAS PREPARED A SECTIONAL ANALYSIS AND EUGENE DUSEK, ASSOCIATE DIRECTOR, WAS AVAILABLE FOR QUESTIONS. CHAIRMAN ADAMS STATED ONE OF THE PROBLEMS HE HAD WAS WITH APPROPRIATING GENERAL FUNDS FOR THIS PARTICULAR SUPPLEMENT, AND PASSED OUT A LETTER HE HAD ADDRESSED TO SPEAKER JOE HAYES. CHAIRMAN ADAMS READ THE LETTER TO THE COMMITTEE MEMBERS. (SEE ATTACHMENT #1.) CHAIRMAN ADAMS STATED SB 82 WAS A REAPPROPRIATION BILL TO COVER ALL SALARY INCREASES IN THE AMOUNT OF \$9 TO \$10 MILLION, BUT IN CONSIDERATION OF THE TIME FACTOR, THERE ARE OTHER PLACES FROM WHICH THEY COULD APPROPRIATE FROM.

EUGENE DUSEK, ASSOCIATE DIRECTOR, DIVISION OF MANAGEMENT AND BUDGET, STATED IT WOULD BE POSSIBLE TO FIND ENOUGH MONEY GIVEN THE TIME TO COVER THIS, AND STATED THEY DID FIND THE \$9 TO \$10 MILLION. HE STATED IT WOULD BE A TIME CONSUMING PROCESS. HE STATED THE MONEY WOULD LAPSE ANYWAY AND THAT THEY FULLY AGREE TO THE INTENT INDICATED IN THE LETTER FROM CHAIRMAN ADAMS TO SPEAKER OF THE HOUSE JOE HAYES. REPRESENTATIVE MARTIN REFERENCED HB 309 STATING IT MIGHT BE THE MAJOR SOURCE OF THE MONIES AVAILABLE. HE ASKED IF THE PAID BIRTHDAYS AND LAUNDRY MONEY WAS YET IN THE CONTRACT. MR. DUSEK STATED THAT IN THE FY 84 BUDGET REQUEST, THEY ORIGINALLY HAD \$400 THOUSAND FOR THE BIRTHDAY HOLIDAY. HE SAID THEIR ORIGINAL REQUEST HAD BEEN REDUCED BY APPROXIMATELY \$5 MILLION, AND IN DOING THAT THEY HAD DELETED THE

BIRTHDAY PAID HOLIDAY CLAUSE.

CHAIRMAN ADAMS STATED THE UNIFORM LAUNDRY MONEY HAD BEEN ELIMINATED, AND WAS ADDRESSED IN SB 294 WHICH WOULD BE CONSIDERED BY THE COMMITTEE AFTER SB 82.

REPRESENTATIVE MARTIN REFERENCED PAGE 4 OF THE FINANCE COMMITTEE DRAFT, SECTION FOUR, THERE WAS \$3 MILLION ALLOWED FOR POLITICAL CAMPAIGN CONTRIBUTIONS. MR. DUSEK STATED THAT THE ADMINISTRATION DOES SUPPORT THE CONTINUATION OF POLITICAL CONTRIBUTION AND IF THE CURRENT LAW WAS ELIMINATED, RETRO-ACTIVE JANUARY 1, 1983, THERE WOULD BE ZERO REQUIRED FOR FY 84. HE STATED THAT IF IT WAS ABOLISHED AS OF JULY 1ST OF 1983, APPROXIMATELY \$750 THOUSAND WOULD BE REQUIRED. HE SAID THESE WERE ALL GUESSTIMATES. MR. DUSEK STATED THAT WITHOUT THE DELETION, UNDER THE CURRENT LAW, AND IF IT WAS NOT ABOLISHED THEY WOULD ESTIMATE APPROXIMATELY \$1 MILLION WOULD BE REQUIRED. HE STATED IF IT WOULD COME IN AT MORE THAN THE \$500 THOUSAND, THEY WOULD GO BACK TO THE LEGISLATURE ONE YEAR FROM THEN. MR. DUSEK STATED THEY DID HAVE ONE PROBLEM IN FY 83 IN THAT THE SAME APPROPRIATION CONTAINED BOTH THE CHILD CARE CREDIT AND THE POLITICAL CONTRIBUTION AND WAS ON A FIRST COME FIRST SERVE BASIS AND STATED FOR FY 84 THEY DO HAVE SEPARATE ALLOCATIONS. REPRESENTATIVE MARTIN STATED HE WOULD LIKE THE CONFERENCE COMMITTEE TO RECONSIDER THAT POINT AS HE FELT THEY WOULD END UP WITH AN ADDITIONAL \$3 - 4 MILLION NEXT YEAR.

REPRESENTATIVE MARTIN REFERENCED THE \$350 THOUSAND ALLOCATED FOR THE MOVE OF OMB, AND STATED THE MOVE WAS ONLY ACROSS THE STREET, AND IT ONLY COST \$127 THOUSAND TO ESTABLISH THE DEPARTMENT OF CORRECTIONS AND MOVE THEM. HE SAID IT COST \$150 THOUSAND TO MOVE THE DEPARTMENT OF NATURAL RESOURCES FROM THEIR LOCATION AND THE SUM NEEDED TO MOVE THE OMB OFFICE SEEMED QUITE IRONIC. MR. DUSEK REFERENCED SECTION 12 AND STATED THE ORIGINAL REQUEST WAS \$250 THOUSAND AND WAS NOT MOVE MONEY, BUT FOR THE COMMISSIONER OF CORRECTIONS, STAFF EQUIPMENT ETC. HE SAID THAT AT THIS TIME THE DEPARTMENT OF CORRECTIONS HAD NOT YET BEEN ESTABLISHED SO THEY ARE ASKING TO REDUCED THE REQUEST FROM \$250 THOUSAND TO \$127.3 THOUSAND AND ALSO IN SECTION 25 THEY REQUEST THE LAPSE DATE BE EXTENDED TO JUNE 30, 1984. MR. DUSEK STATED THAT ON SECTION 7 IN REGARD TO THE OMB MOVE, IT INVOLVES MORE THAN MOVING. FORMERLY, HE SAID, THEY WERE LOCATED IN THREE BUILDINGS, AND WITH THE MOVE THEY WOULD ALL BE ON THE 4TH AND 5TH FLOOR OF THE COURT BUILDING.

CHAIRMAN ADAMS REFERENCED SECTION 24, THE MONEY TO THE UNINCORPORATED COMMUNITIES ASSISTANCE GRANTS, AND STATED THIS WAS SB 168 TWO YEARS AGO AT \$1000 PER CAPITA. HE ASKED MR. DUSEK TO EXPLAIN THAT SECTION FOR THE BENEFIT OF THE COMMITTEE MEMBERS. MR. DUSEK STATED THE \$1000 PER CAPITA, SB 168, FOR BOTH UN-INCORPORATED COMMUNITIES AND MUNICIPALITIES WAS REDUCED BY THE GOVERNOR. HE SAID THEY HAD A SEPARATE APPROPRIATION FOR INCORPORATED COMMUNITIES AND NON-INCORPORATED. BASED UPON THE APPLICATIONS RECEIVED FOR UN-INCORPORATED COMMUNITIES, THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS ESTIMATED A YEAR OR TWO AGO, IT COULD HAVE PROVIDED THE FULL \$1000 PER CAPITA, AND THAT AMOUNT WAS PAID. LAST SESSION, THE LAPSE DATE, OR FILING DATE FOR SB 168 WAS EXTENDED FOR ONE YEAR RESULTING IN ADDITIONAL APPLICATIONS. HE STATED THAT BASED ON APPLICATIONS THAT ARE NOW IN, THERE IS ONLY SUFFICIENT FUNDING FOR \$500 PER CAPITA. HE SAID THE ORIGINAL ESTIMATE WAS \$2.5 MILLION REQUIRED AND THAT WAS INCLUDED IN HB 226 WHICH WAS REMOVED BY THE HOUSE IN THE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE AND THEY ARE NOW ASKING THAT IT BE RE-INSTATED IN THE AMOUNT OF \$3.4 MILLION SO THAT ALL THE

UN-INCORPORATED BE TREATED EQUALLY.

REPRESENTATIVE LINDAUER ASKED FOR AN INTERPRETATION OF THE FUNDING FOR THE FISCAL YEAR ENDING JUNE 30, 1983 FOR THE ADDITIONAL COSTS FOR THE VARIOUS COLLECTIVE BARGAINING UNITS AS IT RELATES TO THE CONTRACTS WHICH ARE GOING INTO EFFECT THAT THE STATE NEGOTIATED WITH APEA. AND ALSO DOES SB 82 AUTHORIZE THE HIGHER WAGE RATES TO BE PAID, AND DOES IT AUTHORIZE RETRO-ACTIVE PAYMENTS, AND DOES IT AUTHORIZE THEM TO BE PAID IN THE FISCAL YEAR ENDING 1984. MR. DUSEK REFERENCED SECTION 25, STATING THAT IT BEING AN OPERATING BUDGET APPROPRIATION THE MONEY AUTOMATICALLY LAPSES AT THE END OF THE CURRENT FISCAL YEAR, UNLESS IT IS EXTENDED BY LEGISLATION. SECTION 25 EXTENDS THE LAPSE DATE ONLY ON TWO SECTIONS OF THE BILL NOT SECTION 1 WHICH INCLUDES THE SALARIES. REPRESENTATIVE LINDAUER ASKED IF THE BILL WOULD AUTHORIZE THE ADMINISTRATION THE HIGHER RATES OF PAY THAT WERE BARGAINED AND CONTINUE ON INTO 1984. MR. DUSEK STATED IT WOULD BE AUTHORIZED, BUT NOT FUNDED. HE REFERENCED SUB SECTION 3, PAGE 2, THE THE CONFIDENTIAL UNIT, STATING THERE WAS AN ERROR BY THE ADMINISTRATION LAST YEAR AND WAS PAID WITHOUT APPROPRIATION, AND TECHNICALLY THEY ARE OUT OF MONEY AT THIS POINT AS FAR AS THE PERSONNEL GO, BUT THEY HAVE BEEN PAYING THEM AT THE NEW RATE. REPRESENTATIVE LINDAUER REFERENCED THE CONTRACT WHICH WAS NEGOTIATED WITH THE ALASKA PUBLIC EMPLOYEES ASSOCIATION AND ARE THEY GOING TO RETRO-ACTIVELY PAY THE HIGHER WAGES. MR. DUSEK STATED THEY WOULD. CHAIRMAN ADAMS ASKED MR. DUSEK TO EXPLAIN TO THE COMMITTEE WHAT THE CONFERENCE COMMITTEE ON THE HOUSE SIDE HAD SUBMITTED TO THE CONFERENCE COMMITTEE ON PAY RAISES THIS SAME DATE. MR. DUSEK STATED THAT IT WOULD FUND THE FY 84 SALARIES UNDER THE NEW NEGOTIATED CONTRACTS AND FOR THE AMOUNT FOR NON-REPRESENTED EMPLOYEES THAT WOULD BE APPROVED IN SB 294, WITH CERTAIN DELETIONS. THE DELETIONS WOULD BE "HOLIDAY PAY" FUNDING FOR THE BARGAINING UNITS THAT HAVE NOT BEEN SETTLED, PAY RAISE APPROPRIATION FOR NEW EMPLOYEES, AND REDUCE THE FUNDING LEVEL BY 25 %. THIS WOULD NOT MEAN THE SALARIES WOULD BE CUT 25%. CHAIRMAN ADAMS SUGGESTED THAT IF THE STATE EMPLOYEES HAVE A PROBLEM WITH THE LETTER OF INTENT SUBMITTED BY HIMSELF, IT MIGHT BE BEST TO GO BACK TO THE HOUSE NUMBER OF ZERO. HE ASKED THAT MR. DUSEK READ THE LETTER OF INTENT. REPRESENTATIVE WARD REFERENCED PAGE 3, #7, AND ASKED WHAT PERCENTAGE OF A PAY RAISE THE EXECUTIVE BRANCH EMPLOYEES NOT COVERED BY COLLECTIVE BARGAINING WAS. MR. DUSEK STATED THAT AS WAS CURRENTLY IN THE ADMINISTRATIONS BILL IT WAS 5% PLUS \$5.00 PER MONTH. REPRESENTATIVE WARD ASKED WHAT THE AMOUNT WAS FOR THE NON-COLLECTIVE BARGAINING UNIT FOR THE UNIVERSITY WAS. MR. DUSEK STATED THAT IN THE ORIGINAL REQUEST THEY HAD AN APPROPRIATION AMOUNT FOR THE UNIVERSITY TREATING THEM AS EVERYONE ELSE, AND THEY HAVE REQUESTED THAT THEY BE UNDER A SEPARATE COMPENSATION SCHEDULE. HE SAID THAT BY BEING AUTHORIZED THIS REQUEST, THEY HAVE ASKED THAT THEY NOT BE GIVEN A PAY INCREASE RETRO-ACTIVE TO JANUARY 1ST., AND THAT HAS BEEN ELIMINATED IN SB 82, BUT THAT THEY ARE INCLUDED IN HB 101. JEFF MORRISON, MANAGER, OFFICE OF MANAGEMENT AND BUDGET SAID DURING THE NEGOTIATIONS FOR THE BARGAINING UNIT CONTRACTS, EACH UNIT WAS GIVEN THE OPTION OF HOW TO SPEND AN AMOUNT EQUEAL TO 5% AND \$5.00 PER MONTH. FOR GENERAL GOVERNMENT EMPLOYEES, HE STATED THE ACTUAL GROSS SALARY WOULD BE DIFFERENT THAN THE GROSS SALARY INCREASE FOR THE SUPERVISORY UNIT AS THEY ELECTED TO TAKE THE INCREASE IN BENEFITS. REPRESENTATIVE WARD REFERENCED \$150 THOUSAND FOR THE DEPARTMENT OF NATURAL RESOURCES FOR A MOVE TO THE FRONTIER BUILDING THIS YEAR, AND

STATED HE THOUGHT THEY MOVED LAST YEAR. MR. MORRISON STATED THEY MOVED AFTER JULY 1ST.

REPRESENTATIVE MARTIN REFERENCED THE UNIVERSITY AND STATED THAT WHEN THE NEW ADMINISTRATION CAME IN THEY INADVERTANTLY INCLUDED THE UNIVERSITY WHEN THEY SHOULD NOT HAVE AND THAT THE \$3.7 MILLION WAS A BONUS, OR A GIFT TO THEM. MR. MORRISON STATED THAT THE ADMINISTRATION HAD RECOMMENDED THAT SB 82, WHICH AUTHORIZES THE SALARY INCREASES, TO BE AMENDED IN SECTION 3, AS 39.27.011, THAT THAT LINE BE CHANGED TO READ "EMPLOYEES FOR THE UNIVERSITY OF ALASKA, WHO ARE NOT MEMBERS OF A COLLECTIVE BARGAINING UNIT ARE ENTITLED TO RECEIVE SALARY INCREASES IN ACCORDANCE WITH THE BOARD OF REGENTS COMPENSATION POLICY". REPRESENTATIVE MARTIN REFERENCED HB 105 AND STATED IT SEEMED TO HIM THE ADMINISTRATION WAS GETTING MORE AND MORE DIRECTLY INVOLVED. MR. MORRISON STATED THAT THE SALARY INCREASES THERE, COULD BE SET BY THE UNIVERSITY, AND DIDN'T FEEL THE UNIVERSITY WAS CONCERNED ON THE AMOUNT, BUT THAT HOW IT WAS DISTRIBUTED.

REPRESENTATIVE ABOOD ASKED IF ALL THE DEPARTMENT OF RESOURCES WAS GOING TO BE IN ONE BUILDING. MR. MORRISON STATED THE \$150 THOUSAND WAS FOR A MOVE THAT WAS ACCOMPLISHED LAST SUMMER, AND WAS TO REIMBURSE THE DEPARTMENT OF ADMINISTRATION. DNR, HE STATED, HAS OTHER FUNDING PROBLEMS AND WAS UNABLE TO ABSORB THE COST. REPRESENTATIVE ABOOD REFERENCED SECTION 20, THE FISHERIES ENHANCEMENT TAX RECEIPTS PROGRAM, AND ASKED IF IT WAS AN INCOME STRUCTURE. MR. MORRISON STATED THAT OFFICIALLY IT WAS NOT A PROGRAM RECEIPT, BUT A PART OF THE GENERAL FUND, AND THAT THE MONIES RECEIVED GO BACK TO THE DISTRICT ORIGINATING THAT REVENUE.

REPRESENTATIVE MARTIN MOVED TO AMEND SB 82, PAGE 4, LINE 16, THAT SECTION 4 BE DELETED REGARDING CAMPAIGN CONTRIBUTIONS. CHAIRMAN ADAMS OBJECTED, STATING IT HAD A CHANCE TO BE REPEALED AND FAILED IN THE SENATE AFTER PASSING IT IN THE HOUSE. HE STATED HE AGREED WITH REPRESENTATIVE MARTIN'S PHILOSOPHY.

REPRESENTATIVE LINDAER STATED THAT BY NOT PASSING THE BILL IT KEPT THE PROGRAM IN TACT SO THAT IN YEARS AHEAD, SUBJECT TO APPROPRIATION, THEY COULD KEEP DOING IT. HE STATED IT WAS HIS FEELING THEY DID NOT HAVE AN OBLIGATION TO APPROPRIATE ONLY BECAUSE THEY LEFT THE PROGRAM IN PLACE SUBJECT TO APPROPRIATION.

CHAIRMAN ADAMS INFORMED THE COMMITTEE MEMBERS THAT THE \$6 MILLION WAS A REQUEST AND THAT HE DID CUT IT BACK TO \$3 MILLION. MR. MORRISON STATED THAT MOST OF THAT MONEY WAS FOR THE 1982 CONTRIBUTIONS, MANY THAT HAVE ALREADY BEEN PAID.

REPRESENTATIVE BETTISWORTH ASKED IF THEY HAD ANY FIGURES AS TO HOW MANY PEOPLE HAD APPLIED FOR THE REIMBURSEMENT. MR. MORRISON SAID HE WOULD CHECK THAT OUT.

REPRESENTATIVE GRUSSENDORF STATED IT WAS HIS FEELING THEY HAD ANOTHER PROBLEM IN THE BUDGETARY COMPONENT THAT THAT FALLS UNDER, BEING ANOTHER SECTION OF CHILD CARE CREDIT, AND STATED THE ADMINISTRATION AND THE ATTORNEY GENERAL'S RULING WAS THAT IF SOMEONE SUBMITTED FOR THE POLITICAL CONTRIBUTION, AND IT WAS FUNDED FOR THE CHILD CARE CREDIT IT WAS ON A FIRST COME FIRST SERVE BASIS. HE STATED THAT BEING CAUGHT IN THAT PREDICAMENT IT WOULD ALMOST FORCE THEM TO GO ALONG WITH IT IF THEY COULDN'T REPEAL THAT PARTICULAR SECTION. REPRESENTATIVE ABOOD STATED THEY DO HAVE A COMMITMENT TO THEIR CONSTITUENTS, AND THAT THE FUNDING SHOULD BE THERE TO COVER IT. A ROLL CALL VOTE WAS TAKEN.

IN FAVOR: REPRESENTATIVE MARTIN, PESTINGER, AND WARD.

OPPOSED: REPRESENTATIVES' ADAMS, BETTISWORTH, DUNCAN,

GRUSSENDORF, HURLBERT, LINDAUER, ZHAROFF AND ABOOD.
AMENDMENT #1, HCS FOR SB 82 (FIN) FAILED: (3-8).
REPRESENTATIVE LINDAUER MOVED TO AMEND SB 82 (FIN) THAT SECTION 14 BE DELETED AND SUBSEQUENT SECTIONS BE RE-NUMBERED, AND ASKED UNANIMOUS CONSENT. THERE WAS OBJECTION.
REPRESENTATIVE MARTIN STATED HE WAS OBJECTING BECAUSE THEY WERE ALREADY COMMITTED TO THE PAYMENT.
REPRESENTATIVE LINDAUER STATED THAT THE DEPARTMENT ANALYZED VERY CAREFULLY AND SAW THAT THEY HAD \$150 THOUSAND WHEN THEY CONTRACTED FOR THAT AS THEY HAVE ALREADY PAID IT, AND WHAT THEY WERE ACTUALLY DOING THEN WAS GIVING THE \$150 THOUSAND BACK AT THE END OF THE YEAR THEY ACTUALLY NEVER EXPECTED TO SEE.
A ROLL CALL VOTE WAS TAKEN.

IN FAVOR: REPRESENTATIVES' HURLBERT, LINDAUER, PESTINGER, WARD, AND ABOOD.

OPPOSED: REPRESENTATIVES' ADAMS, BETTISWORTH, DUNCAN, GRUSSENDORF, MARTIN, AND ZHAROFF.

AMENDMENT #2 HCS FOR SB 82 (FIN) FAILED: (6-5).
CHAIRMAN ADAMS MOVED AMENDMENT #3 HCS FOR SB 82 (FIN) STATING IT WAS A TECHNICAL AMENDMENT OF A DRAFTING ERROR, PAGE 1, THE SUM OF \$12,738,300, SHOULD BE CORRECTED TO READ \$12,740,000 AS IT WAS A TYPING ERROR. THERE BEING NO OBJECTION, IT WAS SO ORDERED.
AMENDMENT #3 HCS FOR SB 82 (FIN) WAS ADOPTED BY THE FINANCE COMMITTEE.

REPRESENTATIVE DUNCAN MOVED TO AMEND HCS FOR SB 82 (FIN) TO ADD A NEW SECTION TO THE BILL APPROPRIATING THE SUM OF \$127 THOUSAND FROM THE GENERAL FUND TO THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES FOR THE PAYMENT OF THE GRANT TO TLINGET AND HAIDA CENTRAL COUNCIL FOR FOSTER CARE, AND ASKED UNANIMOUS CONSENT. CHAIRMAN ADAMS STATED THAT WAS THE ADMINISTRATION BILL, AND ASKED IF THE ADMINISTRATION DID SUPPORT THE AMENDMENT.

REPRESENTATIVE DUNCAN STATED THAT HE DID HAVE A CONVERSATION WITH MR. PETER MCDOWELL, AND HE INDICATED THERE WAS NO PROBLEM WITH IT.

REPRESENTATIVE MARTIN AND ABOOD OBJECTED FOR CLARIFICATION.

REPRESENTATIVE MARTIN ASKED IF IT WAS NEW MONEY OR NEW SERVICES.
REPRESENTATIVE DUNCAN STATED THAT THE CENTRAL COUNCIL HAD ENTERED INTO AN AGREEMENT WITH THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES IN 1982 TO PROVIDE SERVICES IN SOUTHEAST ALASKA TO HELP IDENTIFY FOSTER HOMES IN 14 SOUTHEAST COMMUNITIES. HE STATED THAT THE SPECIFIC GOAL OF THE \$127 THOUSAND WOULD BE TO RECRUIT NATIVE FOSTER AND ADOPTIVE HOMES IN SOUTHEAST COMMUNITIES AND TO OFFER FOLLOW-UP TRAINING TO THOSE PEOPLE. IT PROVIDES FOR ONLY ONE INDIVIDUAL TO PROVIDE THE COUNSELING NECESSARY AND THE NECESSARY RECRUITMENT. HE SAID IT WOULD BE A ONE TIME APPROPRIATION, AND SAID THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES HAD SIGNED OFF AGREEING THAT IT WAS A WORTH WHILE PROJECT IF THE FUNDING WAS AVAILABLE.

REPRESENTATIVE MARTIN AND ABOOD WITHDREW THEIR OBJECTION.
REPRESENTATIVE LINDAUER MAINTAINED HIS OBJECTION. A ROLL CALL VOTE WAS TAKEN.

IN FAVOR: REPRESENTATIVES' ADAMS, BETTISWORTH, DUNCAN, GRUSSENDORF, HURLBERT, MARTIN, PESTINGER, WARD, ZHAROFF AND ABOOD.

OPPOSED: REPRESENTATIVE LINDAUER.

AMENDMENT #4, HCS FOR SB 82 (FIN) PASSED: (10-1).

MR. MORRISON STATED THAT AS HE ASSUMED THE MONEY WOULD NOT BE SPENT BY JUNE 30, 1983, HE RECOMMENDED THE COMMITTEE AMEND SECTION 25.

CHAIRMAN ADAMS OBJECTED, STATING HE COULD HAVE ONE OF THE COMMITTEE MEMBERS PLACE THE AMENDMENT, AND IF THE DEPARTMENT COULDN'T ADMINISTER THE PROGRAM WITHIN 10 DAYS, THE BILL SHOULD NOT HAVE BEEN BROUGHT BEFORE THE COMMITTEE.

REPRESENTATIVE WARD REFERENCED SECTION 23, PAGE 7, AND ASKED IF THAT WAS REDUCED BECAUSE OF THE NEGOTIATIONS. CHAIRMAN ADAMS STATED THE MONEY WAS GONE, THERE WAS \$1.7 MILLION AND THEY HAD OVERPAID THEM. HE SAID \$1 MILLION WAS REAPPROPRIATED IN HB 309 FOR THE ALASKA REPERTORY THEATER, AND STATED NO ONE HAD REAPPROPRIATED THE \$700 THOUSAND AND THEY TOOK THAT MONEY TO HELP FUND THIS.

REPRESENTATIVE DUNCAN STATED HE DID NOT HAVE THE PROPER LAPSE DATE ON THE NEW SECTION 25, AND IT SHOULD BE ADDED INTO THE NEW SECTION OF THE BILL, AS THE MONEY WOULD NOT BE SPENT BEFORE JUNE 30, 1983.

CHAIRMAN ADAMS STATED THEY COULD SEND A GRANT, AN RSA OVER TO THE CENTRAL COUNCIL WITHIN THE NEXT 10 DAYS. REPRESENTATIVE DUNCAN STATED IF THAT WAS POSSIBLE HE HAD NO PROBLEM WITH IT. CHAIRMAN ADAMS STATED THEY HAVE ENOUGH STATE EMPLOYEES TO HANDLE IT. MR. DUSEK STATED THEY COULD FIND A WAY TO HANDLE IT.

CHAIRMAN ADAMS ENTERTAINED A MOTION TO REPORT OUT OF COMMITTEE HCS FOR SB 82 (FIN) AND ASKED UNANIMOUS CONSENT. THERE BEING NO OBJECTION, IT WAS SO ORDERED.

HCS FOR SB 82 (FIN) WAS REPORTED OUT OF COMMITTEE WITH A DO PASS RECOMMENDATION.

REPRESENTATIVE ABOOD ASKED IF CHAIRMAN ADAMS WISHED TO MOVE THE LETTER OF INTENT.

REPRESENTATIVE LINDAUER MOVED TO INCLUDE THE LETTER OF INTENT WITH HCS FOR SB 82 (FIN). THERE BEING NO OBJECTION, IT WAS SO ORDERED. SB 294

SB 294 - RELATING TO COMPENSATION OF STATE OFFICERS AND EMPLOYEES NOT COVERED BY COLLECTIVE BARGAINING; AND PROVIDING FOR AN EFFECTIVE DATE.

CHAIRMAN ADAMS STATED THERE WAS A PROPOSED HOUSE COMMITTEE SUBSTITUTE, AND STATED THAT SB 294 ESTABLISHES THE SALARY SCHEDULE FOR EMPLOYEES IN THE EXECUTIVE, LEGISLATIVE, AND JUDICIAL BRANCHES OF GOVERNMENT WHO ARE NOT COVERED BY COLLECTIVE BARGAINING AGREEMENTS. HE STATED THE PROPOSED HOUSE FINANCE COMMITTEE SUBSTITUTE PROVIDES A 5% SALARY INCREASE RETRO-ACTIVE TO JANUARY 1, 1983. HE TOLD COMMITTEE MEMBERS THEY HAD HEARD MR. MORRISON'S TESTIMONY REGARDING THE CONTENTS OF THE CONTRACTS. HE SAID THE \$5.00 PER MONTH SALARY INCREASE FOR EMPLOYEES HAS BEEN ELIMINATED. IN ADDITION TO THAT, HE SAID UNIVERSITY EMPLOYEES HAVE

THE SCHEDULE AND WOULD BE ENTITLED TO RECEIVE SALARY INCREASES FROM ACCORDANCE WITH THE BOARD OF REGENT COMPENSATION POLICY AFTER JULY 1, 1983. HE SAID UNIVERSITY EMPLOYEES WOULD NOT BE ENTITLED TO RETRO-ACTIVE INCREASES. HE STATED THAT THE HOUSE FINANCE COMMITTEE SUBSTITUTE INCORPORATED THE CHANGES IN THE LEGISLATORS PAY CONTAINED IN THE STATE AFFAIRS COMMITTEE SUBSTITUTE. FUNDING FOR THE RETRO-ACTIVE INCREASES AND THE NEGOTIATED INCREASES ARE CONTAINED IN SB 82.

REPRESENTATIVE MARTIN REFERENCED PAGE 2, LINE 16, STATING HE WAS CONCERNED ABOUT IT. REPRESENTATIVE ABOOD SAID THE STATE AFFAIRS COMMITTEE CHANGED THE BILL FROM THE NORMAL 4%, OR \$90. PER DAY, AND REPLACED IT WITH THE LANGUAGE CONCERNING THE LEGISLATORS. HE REFERENCED SECTION 3, STATING THAT IT ELIMINATES PER DIEM PAYMENTS AS THE PUBLIC HAS EXPRESSED THEIR OPPOSITION TO PAYING THAT DAILY PER DIEM RATE. REPRESENTATIVE ABOOD STATED HE HAD NO PROBLEM WITH

SECTION 1.

REPRESENTATIVE MARTIN STATED HIS MAIN CONCERN WAS THERE WERE NO OPEN PUBLIC MEETINGS AND THEY DIDN'T HAVE THEIR INPUT ON THE SUBJECT. HE SAID THERE ALSO MIGHT BE A CONSTITUTIONAL QUESTION IN THE CURRENT LEGISLATURE, BEING THE IMMEDIATE RECIPIENT OF THE NEW SALARY SCHEDULE, AS THERE IS AN IMMEDIATE EFFECTIVE DATE IN SECTIONS 2 AND 3. REPRESENTATIVE ABOOD STATED THAT ALL STATE EMPLOYEES ARE RECEIVING AN IMMEDIATE RAISE AND SAID IT DID HAVE PUBLIC HEARINGS AND PUBLIC INPUT AND THE POM'S WERE FAVORABLE.

REPRESENTATIVE WARD ASKED HOW THEY ARRIVED AT THE RANGE 22.

CHAIRMAN ADAMS ASKED REPRESENTATIVE MIKE MILLER TO ADDRESS THAT SUBJECT.

REPRESENTATIVE MIKE MILLER, JUNEAU, STATED THE RANGE 22 WAS ARRIVED AT BECAUSE THE HIGHEST RANGE OF EMPLOYEES, OTHER THAN MR. CHARNEY, IS A RANGE 21, SO IT DID NOT SEEM UNREASONABLE TO THE STATE AFFAIRS COMMITTEE THAT THE LEGISLATIVE BRANCH BE A RANGE 22. THIS WOULD PUT THE LEGISLATIVE BRANCH ONE STEP HIGHER THAN THE HIGHEST PAID EMPLOYEE.

REPRESENTATIVE ABOOD STATED WHEN HE STARTED RESEARCHING SOME OF THE STATE EMPLOYEE'S SALARIES IN THE \$60 TO \$70 THOUSAND RANGE, THAT THE LEGISLATORS FOR THE STATE OF ALASKA SHOULD BE COMPENSATED FOR THEIR RESPONSIBILITY AND DEDICATION.

REPRESENTATIVE WARD ASKED WHAT THE PUBLICS TESTIMONY ON THE PER DIEM PAYMENTS. REPRESENTATIVE MILLER STATED THERE WAS NO ACTUAL TESTIMONY TO PER DIEM ITSELF, BUT GENERAL ACCEPTANCE AND APPROVAL OF IT. HE STATED THAT THE GENERAL ASSUMPTION WOULD BE THAT WITH THE REMOVAL OF PER DIEM THAT THERE WOULD BE A SUBSTANTIALLY LESS INCENTIVE TO CONTINUE SESSIONS OVER A CERTAIN LENGTH OF TIME.

REPRESENTATIVE DUNCAN STATED THE STATE AFFAIRS COMMITTEE DID DO PUBLIC HEARINGS, AND THE PUBLIC WAS IN SUPPORT OF THE CHANGE IN SALARY MAINLY BECAUSE OF THE ELIMINATION OF PER DIEM.

REPRESENTATIVE MARTIN MOVED TO AMEND HCS FOR SB 294 (FIN) TO DELETE ON PAGE 2, SECTIONS 2 AND 3. REPRESENTATIVES' ABOOD AND DUNCAN OBJECTED. A ROLL CALL VOTE WAS TAKEN.

IN FAVOR: REPRESENTATIVES' ADAMS, GRUSSENDORF, MARTIN AND PESTINGER.

OPPOSED: REPRESENTATIVES' BETTISWORTH, DUNCAN, HURLBERT, LINDAUER, WARD, ZHAROFF AND ABOOD.

AMENDMENT #1, HCS FOR SB 294 (FIN) FAILED: (7-4).

REPRESENTATIVE BETTISWORTH MOVED TO REPORT OUT OF COMMITTEE HCS FOR SB 294 (FIN), AND ASKED UNANIMOUS CONSENT. THERE BEING NO OBJECTION, IT WAS SO ORDERED.

HCS FOR SB 294 (FIN) WAS REPORTED OUT OF COMMITTEE WITH A DO PASS RECOMMENDATION.

ANNOUNCEMENTS

CHAIRMAN ADAMS STATED THE HOUSE FINANCE COMMITTEE WOULD MEET AT 8:30 IN THE MORNING, JUNE 24, 1983, STATING THAT WOULD PROBABLY BE THEIR LAST MEETING THIS SESSION.

ADJOURNMENT

THE MEETING ADJOUNED AT 8:55 P.M.

END OF DOCUMENT