

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2458

HOUSE FINANCE COMMITTEE MEETING

March 17, 1967

8:00 a.m.

Meeting: The Committee met to review the Department of Highways Budget.

Present: All members were present with the exception of Messrs. Ray and Sackett. Also present were Commissioner Gonnason, Mert Charney, Lee Hubbard and Chuck Atkins representing the Department of Highways. Mr. Freer was also present.
Mr. Kerttula was present.

Department of Highways Budget
Maintenance Engineer:

Personal Services: No change.

Travel: No change

Reallocation of funds:

Contractual Services: The subject of reallocation of funds was discussed to some extent at this point. Mr. Freer was requested to bring up to date all the reallocation of funds in the Highway Budget.

Commodities: No questions.

Equipment: No questions

Construction Engineer: It was noted that last year they had increased personnel
Personal Serv.

by three positions, and this year these three positions are budgeted at step "C".

Travel: The WASHO trip was to be in Honolulu. It was noted that this trip was undoubtedly knocked out by Budget Review. It was further explained by Mr. Charney that of the three new positions which were added last year, 2 of them were traveling positions. These new positions went into effect July 1, 1966.

Contractual Services:

There were no questions in this area.

Mr. Sackett entered the committee room at this point.

Commodities: Item 480 was where the big increase was.

Equipment: The property control system was discussed, upon a question from Mr. Strandberg as to how all the equipment was kept track of.

Anchorage District:

Personal Services: The position of Highway Engineer III was reclassified.

Mr. Charney stated that he believed that they had a full staff now, with the exception of a Storekeeper which would be filled shortly.

Mr. Ray entered at this point.

Right of Way personnel stayed the same.

Supply and Services show two new employees, Storekeeper II and a permanent Laborer.

Travel: This is at about the same level as last year. The project at Kodiak requires a little more travel.

Contractual Services:

Item 330 the rents & Utilities was discussed. The progress of the Anchorage District Compound was discussed. It was hoped to be able to build on Muldoon and Tudor Roads. An approximate figure of \$1,000,000 was used in connection with the ASHA bond issue. (The original figure of \$300,000 was mentioned.)

At this point Messrs. Sassara, Ray and Kerttula left for Democratic Caucus.

Commissioner Gonnason mentioned that the ^{maintenance} stations are still in the budget, but that there is not enough money for any of them, so they will request these for next year.

It was the feeling of the Highway Department that the Fairbanks situation is more critical right now ^{than} that of the Anchorage District. The location of the new Anchorage District Complex was discussed, in town location versus out of town location.

The sale of the present site was discussed, and Mr. Strandberg stated that there should be a net amount if we sell it, unless another agency "squirrels" it away.

Mr. Haugen stepped out at this point.

Mr. Freer stated he would get all the information possible on the load that ASHA could carry, and the information on this program.

District Rents:

Mr. Charney stated that the rents have been changed, in accordance with an Administration Audit, to different rates for different districts, rather than ^a state-wide rate.

Mr. Haugen re-entered the committee room.

Continuing on the district rate changes, Mr. Charney noted that in some cases in this budget it will show some districts up, while others may be decreased.

Commodities: No change.

Equipment: No change.

Fairbanks District

Personal Services: There is a new position of Clerk Typist II in Administration.

In Supply and Services there are two new positions: Clerk Typist II and Stock Handler I.

Right of Way stays the same.

Travel: No questions.

Contractual

Services: The Fairbanks complex was discussed again. In answer to a question from Mr. Strandberg, Commissioner Gonnason stated that they have made a supplemental request for capital improvement. He went on to explain that they had originally requested it, but that the Governor's office ^{or Administration} had cut it out. He said that they had been told to wait til next year. The approximate cost to build this complex would be \$2,600,000.

Mr. Charney continued on this subject, relating to the committee

the very bad condition of the present office building in Fairbanks. He also mentioned that they would probably have to move out of the FE Building.

Mr. Coghill stepped in and out.

Manley Hot Springs:

The problem of the portion of land in Manley Hot Springs that is owned by the Highway department was discussed. Mr. Strandberg explained that the department has all their equipment right there in the middle of town, and it has created quite an "eyesore". The people of the community want to use this land for community use, boat landings, etc.

Mr. Strandberg noted that there was a piece of land further out that could be used for this purpose by the department. The subject of pilferage, which might be quite a problem, was discussed. The question of whether they could get title to this piece of land was brought out by Mr. Hubbard.

Commissioner Gonnason assured the committee that this problem would be looked into.

Equipment:

The increase from 65-66 actual of \$200 to 66-67 Authorized of \$5,000, compared to 67-68 Governor's Allowance of \$5,000 was explained by Mr. Charney as a 6 to 7 year program for replacement of office furniture and equipment. He stated that they had hoped to be able to have new equipment and furniture to move into the new building (when completed), instead of all the old equipment now in use.

Contractual Services:

Mr. Eorer went back into this subject, noting that item 380, Professional fees and services had no detail explanation, as well as the other items.

Mr. Strandberg requested that detailed information be supplied to the committee regarding these items.

Juneau District

Personal Services: No changes.

Travel: This increase was explained as due to the increased work, from Haines to Ketchikan.

More detailed information was also requested by Mr. Strandberg on this travel.

Contractual

Services: Item 330 - Rents and Utilities: Mr. Charney explained that this item was mostly utilities in Juneau.

Commodities: No change.

Equipment: No change.

Nome District

Personal Services: No changes.

Travel: Mr. Charney noted that this is one area where reallocations will show up. He also noted the great extent the District Engineer in Nome traveled.

At this point Special Projects were discussed, with Commissioner Gonnason relating to the committee about ballasting the Teller Road. Good material was not used in the first place, he explained. However, this project has not been approved, but is under consideration at this time.

Teller Road:

Eureka-

Tanana Road: Commissioner Gonnason said that out of the federal highway funds that are expected to be released, \$3,000,000 is for the Eureka-Tanana Road.

The meeting recessed for a Joint Session, at 9:15 a.m.

1:30 p.m.

Department of Highways Budget: (cont.) All members were present except Messrs. Borer and Sassara.

Nome District (cont.): Contractual Services: It was noted that item 330 is the Department of Highways own space rental. The committee discussed the present system of charging back rent to the different divisions.

Commodities: Mr. Strandberg again noted the blank pages.

Equipment: Some of the items were for replacements.

Valdez District

Personal Services: Mr. Charney stated that on page 216 they are asking for a parttime laborer become a permanent laborer. Mr. Strandberg asked if they were adding a Stock Handler II, and Mr. Charney replied that it was a reclassification; there are two reclassifications.

The difference between a Stock Handler and a Supply Clerk is that a Supply Clerk is at the desk in the office, whereas the Stock Handler will be in the warehouse.

Travel: The out of state travel is for the District Right of Way Engineer, to the Right of Way School.

Contractual Services: The substantial raise was noted here. This was explained that it was due to the change into the new highway compound, in which highways are now moved. Highways is also tied in with the hospital in this compound. It was noted that the ^{true} costs have now been developed on the whole compound; and the previous actual cost figure on this were very poor.

Lease - Collins Bldg: Mr. Strandberg questioned this lease, pointing out that .52 cents a sq. ft. was an outrageous rate. Mr. Strandberg asked for a copy of the lease from the Department of Administration.

Mr. Strandberg noted that all the buildings as shown on page 221

of the workbook, are highways buildings with the exception of the Collins Building.

Equip. rent rates:

Equipment rental rates ranging from .12 to .16 cents were noted. The Commissioner said that .16 cents would apply for a carry-all.

Air Plane Charter:

This is for inspection trips by our administrative personnel. They inspect Cordova, McCarthy, Chitna, etc. It was asked why did they go from Valdez to Paxson by air, and Mr. Charney answered because it saved time.

The increase in equipment rental was noted and Mr. Charney stated that in 1966 the air charter was carried in travel, rather than contractual services, as it now is. It is now carried in item 360.

In reference to the difference between the Department request and the Governor's allowance (\$36,600), Mr. Freer stated that Budget Review just cut \$4,000 across the board.

Commodities:

Mr. Charney said they finally got the Xerox machine and have their own (highway) people maintain it, and that by doing this it saves money. Mention was made of the attempts that have been made to get a Xerox in Nome.

BOOK TWO - MAINTENANCE

Anchorage District:

Personal Services: The changes noted here were a reduction of 5 temporary employees and increase of 3 permanent employees.

overtime: Mr. Haugen pointed out the overtime, as shown on line 21, page 9. Mr. Hubbard explained how overtime was handled, everything over 7 1/2 hours a day is overtime, paid by the rate of straight time. Also, everything over 37 1/2 hours a week is overtime.

Mr. Sassara entered at this point.

Mr. Haugen told of the difficulty in paying the state employees straight time for overtime, when the City of Petersburg pays

time-and-a-half.

Maintenance
Schedules:

Mr. Strandberg asked if the department was getting behind in their maintenance schedules, and it was answered that they were. Reference was made to a memorandum dated February 25, 1967 from C.E. Rogers in Anchorage, to Mr. Hubbard.

Mr. Kerttula entered at this time.

Half-Soleing:

Mr. Kerttula asked if this system has worked out. Mr. Hubbard said it has worked out pretty good, except for a stretch in Palmer, but as a whole, it is so farlooking good.

66-67
Maintenance

Mr. Strandberg stated that in 1966-67 Highways had \$7,489,900 for maintenance, and asked how the maintenance budget looked at this point. Mr. Charney stated that on the latest check, which brought them through February, they were within \$2,900 of the appropriation. However, Mr. Hubbard stated that if we had a bad spring, we will be ⁱⁿ bad shape.

Travel:

This is about the same.

Contractual
Services:

Attention was directed to item 390. Mr. Strandberg said there was a memo from Public Works to Highways concerning the Division of Aviation. The Department of Highways is charging \$60,000 back to Aviation, for the equipment revolving fund. Mr. Charney said Highways was billing them on a wet rental basis rather than a dry rental basis.

Apparently there had been an agreement with the previous administration's commissioners of these two departments which had cut their dry rental depreciation in half. This agreement had been made last year.

Just recently (1 month or 3 weeks ago) this was changed; the previous agreement was canceled, and it was decided to charge them 100% depreciation.

Mr. Strandberg remarked that if we hadn't caught this now, there would have been a \$60,000 shortage in Division of Aviation Budget.

Recess: The committee recessed for a call of the House.

2:40 p.m.

Meeting: The committee met again, all members with the exception of Messrs. Borer and Sassara were present, along with previously mentioned staff from the Department of Highways.

Anchorage District (cont.)
Contractual Serv.(cont.)

Mr. Charney pointed out to everyone that on line 360, the figure should be \$1,010,000 rather than \$1,110,000.

Mr. Kerttula entered at this time.

Mr. Strandberg asked if there was any of the ASHA program in this district. Mr. Freer said no, that the rent doesn't start til July of 1968.

The equipment rates, as shown on page 24 of the workbook, were noted, and it was stated that these were the charges that go back in to the Working Capital fund.

Mr. Sassara entered at this point.

The committee discussed the recommended increase in rental rates, in connection with the Working Capital Fund. Reference was also made to the memorandum of February 25, 1967, as mentioned on page 305 of the minutes.

Commodities: Mr. Hubbard explained the increase as relating to gravel, asphalt and other maintenance items. Mr. Strandberg asked if the increase was a general one, or is it for specific items. Commissioner Gonnason stated that this is where they are very short, and they will have to reallocate to the district. Mr. Strandberg noted that probably the reason they were short was because of the half-selling program.

3:10 p.m.

Maintenance
JUNEAU
DISTRICT

Mr. Strandberg asked if they had any plans to get money from the federal government. Mr. Gonnason said they didn't yet, but were waiting for the district engineers to come in with their programs for their areas and it wouldn't take long to develop a program from there. In answer to a question by Mr. Strandberg, Mr. Gonnason said they haven't defined the federal aid system, there was no procedure from the BPR on how to use it. Mr. Strandberg asked him for a complete interpretation of the Act and how soon they would know.

Personal
Services:

The personal services increase over last fiscal year was slight, for two part-time employees to one permanent position.

Travel:

This was not discussed.

Contractual: The cut was in code 390 - City Maintenance Agreements and Aviation Agreements. This looks like an arbitrary cut. Mr. Freer said if they have the agreements, they have to go back to the \$55,500 request. Mr. Strandberg asked Mr. Freer to check the agreements out.

Mr. Charney said the reduction is in the Yakutat roads. This is the same amount as authorized last year because the Yakutat extension is now complete.

Commodities: It was noted that the Governor's allowance was the same as the department request, \$58,000.

Equipment: There was no discussion of this item.

NOME DISTRICT: Mr. Strandberg asked how many miles they maintain there and the answer was seven miles in the winter and over 400 the rest of the year.

Contractual: Mr. Strandberg asked who handles the contracts listed in code 390. Mr. Gonnason replied that the district engineer did with

engineer of the other company.

Kotzebue: Road maintenance with B & R Tug and Barge
Lost River Contract - Maintained by mining co. (Lost River Mines).
Kougarok-Taylor Road- Rental of equipment from local contractors.
They have renewed the washouts on this road from the spring
break-up. They do business with some miners working up there.

Commodities: It was noted the Governor allowed \$21,600. \$2,500 was for
fencing the Teller Depot so there wouldn't be any pilferage.
Mr. Strandberg noted this seemed like a worthwhile expenditure.

Equipment: This was not discussed.

VALDEZ DISTRICT: Personal Services: It was noted the decrease was one part-time
position. They are also entitled to receive the 3% fringe benefits.

Travel: Some of the increase requested was for per diem.

Contractual: The money for Thompson Pass was discussed. This is a camp,
27 miles out of Valdez, one of the toughest places in the State.

Commodities: This amount decreased from the amount requested last year due
to leveled-off maintenance program.

Special Projects: It was noted that \$300,000 was authorized in fiscal year 66-67.
Mr. Strandberg asked if there were any funds left in this account
and Mr. Gonnason said it was all allocated out. This is a
completely flexible program.

Working Capital Fund Reference was made to page 93, Balance Sheet. In answer to
Mr. Strandberg, Mr. Hubbard said the accounts receivable are
from other state agencies. In answer to a query, Mr. Charney
said the obsolete machinery and supplies were pretty well cleared
up except in some outlying isolated areas .
Mr. Strandberg noted that their depreciation is ahead of their
assets. It was decided that equipment rentals were not sufficient

to maintain it. Mr. Strandberg asked how much equipment could they buy this year and what they were proposing to buy. Mr. Charney said it came to \$1,200,000. Page 122 of the book had the summary and page 186 had the details.

Data Processing: There were no questions on this. Primarily most of this is federal-aid reimbursements.

Sign Shop: There were no questions on this.

Equipment Section: Mr. Strandberg asked how efficient is the shop maintenance of the equipment - he didn't question the main shop, it was the handling of equipment away from the center. He had personally noted the lack of care for the equipment in the outlying area around Fairbanks and he said a thorough investigation should be made. Mr. Gonnason said they planned to investigate it. Mr. Hubbard said Mr. Strandberg was correct and that it would come up later in the budget request. Mr. Hubbard mentioned that the only place in the Fairbanks - (in-between) Nenana area was a little shack at Nenana, but they did not have winter storage for equipment and there was no way of maintaining it. They have requested shop equipment for these areas for years. Mr. Hubbard said these people did most of their own servicing, but there was no shelter to fix the equipment. Mr. Strandberg said they should have trucks that can stand up to this workload. Mr. Charney said they buy on a low-bid basis. In reply to Mr. Sackett, Mr. Charney said the old equipment is available for all the villages who are able to accept it. They make applications for it. Mr. Charney said their equipment section needs go up as they expand other programs. If they increased State Police, for instance, and authorized more officers and cars, they would have more maintenance.

Adjournment: The meeting adjourned at 4:15 p.m.

HOUSE FINANCE COMMITTEE MEETING

March 18, 1967

8:30 a.m.

resent: All members were present with the exception of Mr. Borer who was excused.

The Arts Council will be meeting with the Finance Committee at 2:00 p.m. this afternoon.

The following House and Senate Bills were reported out of committee:

HOUSE BILL NO. 37
HOUSE BILL NO. 194
HOUSE BILL NO. 274
HOUSE BILL NO. 159
HOUSE BILL NO. 238

SENATE BILL NO. 66 am
SENATE BILL NO. 54

HOUSE BILL NO. 71
HOUSE BILL NO. 73

- B 13: Mr. Miller said there was some language that needed cleaning up and it should be ready soon.
- B 31: Mr. Borer has previously been assigned this bill, he was not present.
- B 46: This bill was discussed by the committee and it was decided not to report it out at this time.
- B 87: Mr. Sassara has previously been assigned this bill; it was not ready to be reported out.
- House Bills 102, 110, 111, and 113 will be held for Mr. Strandberg's return.
- B 142: Mr. Ray has previously been assigned this bill. Mr. Strandberg requested Mr. Ray to take another look at it and stated that there is money in the Health and Welfare budget for that purpose. (State Chaplaincy).

- HB 130: Previously assigned to Mr. Sassara; he is still working on it.
- HB 187: This bill was discussed briefly. No action was taken on it.
- HB 194: Mr. Miller has previously been assigned this bill. He is still working on the background information.
- HB 195: Previously assigned to Mr. Sackett. Mr. Strandberg suggested that Mr. Sackett talk to Mr. Powell.
- HB 238: Mr. Sassara explained that this bill had been corrected as to the reference made to the Alaska Statutes and it is ready to be reported out. (See further minutes).

The following bills were discussed briefly by the committee:

House bills 246, 266, 174, 201; Senate bills 54 and 66.

- HB 238: Mr. Sassara moved and asked unanimous consent that HOUSE BILL NO. 238, with committee substitute, be reported out of committee with a do pass recommendation. Mr. Ray objected for questions, which were answered to his satisfaction by Mr. Sassara. Mr. Ray removed his objection and HOUSE BILL NO. 238 was reported out of the committee.

- HB 159: This bill was reported out of the Finance Committee.

- SB 66 am: This bill was also reported out of the Finance Committee.

- HB 263: This was assigned to Mr. Sackett.

- HB 270: This was assigned to Mr. Haugen.

- HB 274: Mr. Sassara moved and asked unanimous consent that HOUSE BILL NO. 274 be brought before the committee for discussion. There being no objection, it was so ordered.
- Mr. Sassara moved and asked unanimous consent that HOUSE BILL NO. 274 be reported out of committee with individual recommendations. There being no objection, HOUSE BILL NO. 274 was reported out.

HB 194: Mr. Miller moved and asked unanimous consent that HOUSE BILL NO. 194 be brought up at this time. There being no objection, it was so ordered. Mr. Sassara asked about background information on this bill concerning community colleges. This bill was reported out.

Recess: The committee recessed for 10 minutes.

Meeting: The meeting resumed at 9:55 a.m.

HB 71: HOUSE BILL NO. 71 was reported out of committee.

HB 73: Mr. Haugen moved and asked unanimous consent to report HOUSE BILL NO. 73 out of committee with a do pass recommendation. Mr. Ray objected. Mr. Ray removed his objection. There being no further objections, HOUSE BILL NO. 73 was reported out.

Budget Review:

The committee will close out Office of the Governor after the Arts meeting this afternoon.

Monday morning, 8:00 a.m., the Department of Administration will have their budget review.

Recess: The meeting recessed until 2:00 p.m.

2:00 p.m.

Present: All members were present except Mr. Strandberg who was on a trip to Seattle. Present from the Alaska State Council on the Arts were: Mr. Wm. Kimura, Chairman, Diana Tillion, Sharon Lobaugh, Mary Hale, Greta Brown, Betty Myser, Charlotte Simonds, Rusty Heurlin and Jean Mackin, along with Jim Scott from the Office of the Governor.

ALASKA
STATE COUNCIL
ON ARTS:

Mr. Haugen opened the meeting and made introductions. He asked the members of the council to give a resume of their plans, organization and budget.

Mr. Kimura said the federal government has initiated the arts program. They will give up to \$50,000 matching funds to each state requesting this. They help worthwhile organizations and individual artists who come to them for assistance. If the persons requesting assistance are not able to match the funds, an outright grant may be given them. Mr. Kimura said further that the federal government was not giving them money for administrative purposes this year, so they are asking the Legislature to provide this.

Mrs. Tillion mentioned some of the programs they have supported so far (with matching money). There were 16 programs, including the Symphony orchestra, the Centennial Arts Exhibit and Alaska Artists. She presented the budget proposal for administration, which came to \$17,500. The amount for meetings includes travel and per diem. All eleven members attend the State meetings, which last at least three days. One member attends the national and regional meetings twice a year (one at Washington and one in New York City). The meetings last four days and it takes two days travel time.

Mrs. Lobaugh told how much the cultural program meant to the smaller communities. Many of them had never seen an art exhibit before or attended a concert. Their program now makes this possible for this to continue. Mr. Sassara asked about the traveling show in Anchorage, "The Lord of Alaska". Mrs. Hale said this would come in the next fiscal year's request because the concert wasn't organized in time. Mr. Kimura said that most of the people in the cultural program were not self-supporting. The orchestra, for instance, would have to disband if they were not given assistance. Mrs. Lobaugh said they were not only sponsoring groups that were broke but new programs. They have never had a circulating exhibit before and now they have one.

In answer to a question by Mr. Borer, Mrs. Tillion said if the community comes up with the funds, it is still eligible for matching funds by the federal.

Mrs. Tillion said that Mr. Scott said the Legislature is prepared to give them \$15,000 for \$15,000 matching funds. This is not enough, considering they have \$50,000 available in matching funds from the federal. They are asking for \$30,000 from the Legislature.

In answer to Mr. Miller on what their priority was on this request, Mrs. Tillion said it would have to be in administration - without this, they couldn't operate.

Mr. Sassara said the legislature looked favorably on their program last year and asked if Mr. Scott and Mr. Freer would help them break their budget down and explain it and present it to the committee. He said they also have to have a list of programs that are projected for the fiscal year.

Mr. Borer asked if there was really any need for the State to appropriate if the different communities come up with their matching funds. Mrs. Lobaugh said that only the larger communities would have the money and it is the smaller communities that they want to serve.

Mr. Sassara said they need a total budget of \$47,500. This includes the \$30,000 asked for and the \$1,750 for administration. If they give them a list of proposed projects, they could get to work on it.

Mrs. Tillion said every project has to do its own bookkeeping to the state and to the federal.

It was agreed by the council to provide the committee with the needed information during the next week.

HR 3 Mrs. Tillion asked about HOUSE RESOLUTION 3, "Relating to the preservation and restoration of Alaska's vanishing historical sites and objects". Mr. Sassara said they had nothing to worry about, all that was required of them was to look into it and have a report for the legislature for next year.

HCR 49 HOUSE CONCURRENT RESOLUTION 9 was also mentioned about. This relates to the "purchase by the state of the Judge Wickersham House". Mr. Sassara said the Alaska Airlines has purchased this home and they are going to do some restoration work on it.

Centennial: Mr. Miller asked what kind of work would the council be doing for the Centennial. Mrs. Tillion said that much of the work will be turned over to the council; the programs will funnel through them and they will act as coordinator. They will continue to have projects after the Centennial work was over.

Adjournment: The meeting adjourned at 2:55 p.m.

3:00 p.m.

Present: All members were present with the exception of Mr. Strandberg, who was excused and Mr. Ray.

**Close-Out
Office of Governor**

Executive Office: Personal Services: It was moved and unanimous consent was asked for acceptance of the figure of \$259,600. There was an objection. Upon a vote of 4 yeas and 1 nay, the motion carried.

Travel: It was moved and unanimous consent was asked for acceptance of \$14,800. There was an objection, and it was moved and asked unanimous consent to amend the original motion from \$14,800 to \$12,800. There also was an objection to this motion. Upon a vote of 1 yeas to 4 nays, the motion to amend the original motion did not carry.

The original motion now being in order to accept the figure of \$14,800, there was an objection, and
/ a vote was taken with 4 yeas and 1 nay. And so \$14,800 was adopted.

Contractual Services: Mr. Freer noted that under item 340, \$5,000 could be deleted, leaving a balance for this item of \$800. It was moved and unanimous consent was asked to adopt the figure of \$39,200 for contractual services. There being no objection, it was so ordered.

Commodities: It was moved and asked unanimous consent for acceptance of the figure of \$7,400. There being no objection, it was so ordered.

Equipment: It was moved and unanimous consent was asked to adopt the figure of \$16,800. There being no objection, it was so ordered.

Governor's Mansion: It was moved and unanimous consent was asked to adopt the figure of \$47,600 for the Governor's Mansion. There being no objection, it was so ordered.

WICHE: It was noted that the information which had been requested from Mr. Scott had not been received.

It was moved and unanimous consent was asked for acceptance of \$74,500 for WICHE. There being no objection, it was so ordered.

COUNCIL OF STATE GOVERNMENTS:

It was moved and unanimous consent was asked for adoption of \$4,000. There being no objection, it was so ordered.

EMPLOYMENT ADV. COMM.: It was moved and unanimous consent was asked for acceptance of \$23,300. There was an objection, however it was removed and this figure was adopted.

ATHLETIC COMMISSION: It was moved and unanimous consent was asked to cut this figure to \$2,000. There was an objection and upon a vote of 2 yeas to 3 nays the motion failed.

It was moved and unanimous consent was asked for acceptance of \$4,000. There was an objection, and upon a show of hands the motion passed.

CONTINGENCIES: It was moved and unanimous consent was asked to accept \$92,000. There was an objection, however, upon a show of hands the motion carried.

SECRETARY OF STATE: It was noted that General Administration and Elections have been combined.

It was moved and unanimous consent was asked to accept a total figure for Secretary of State of \$139,300. There was an objection, however a vote was taken of 4 yeas and 1 nay, and so the motion carried.

ALASKA PIONEERS HOME:

Sitka: It was moved and unanimous consent was asked for acceptance of \$647,600. There being no objection, it was so ordered.

Fairbanks: Mr. Miller noted that they have approximately 17 people. They will be open around April 15th and will be in full operation by July 1, 1967.

Mr. Miller pointed out to Mr. Freer the low wages the Fairbanks employees were receiving in comparison to the Sitka home, even taking into consideration the district differential. He further said that they might run into trouble when they begin to hire people.

It was moved and unanimous consent was asked to accept the figure of \$317,900 for Fairbanks. There were no objections.

Pioneers Home Total: 765,000.

LOCAL AFFAIRS: It was moved and unanimous consent was asked to accept the figure of \$152,600 and there were no objections to this motion.

RURAL DEVELOPMENT:

(left open)

Mr. Sassara moved to hold this particular section open until the chairman returned, and pending the receipt of the information requested from Jim Scott, as requested on page 277 of the minutes. Mr. Sackett objected and moved to amend this motion to state that all portions of this budget should be left open until all information requested was received.

Mr. Haugen stated that since the Council on the Arts was to be left open anyway until Mr. Strandberg returned, that it would be alright to leave the above mentioned portion open, also.

COMMISSION ON HUMAN RIGHTS:

It was moved and unanimous consent was asked to accept the figure of \$53,600. There were objections, and a motion was made to amend it by cutting \$2,000 off of Contractual Services, bringing the total down to \$51,600. There were no objections to this amendment, and so the final figure accepted was \$51,600.

ALASKA FAR EAST OFFICE: It was moved and unanimous consent was asked to pull Alaska Far East Office out of the Governor's Office and place it in Economic Development. There were objections and a discussion concerning this ensued. It was noted that if this change was to be made, that it would have to be done by legislation.

To
Econ. Dev. The motion was withdrawn.

A motion was made to adopt the figure of \$65,000 for Alaska Far East Office, with a letter of intent to be written indicating the committee's intent to transfer this office to Economic Development. There was an objection and on vote of 4 - 1 the motion carried. The staff was instructed to prepare the proper bill for this transfer..

Mr. Sassara requested that his objection be recorded on the above action and stated that this office (Alaska Far East Office) should remain in the office of the Governor; and that he was in favor of the figure of \$65,000.

ECONOMIC OPPORTUNITY:

(Open) Technical Assistance: Mr. Borer moved and asked unanimous consent that this be held open pending more information. There were no objections.

Planning and Research: It was moved and unanimous consent was asked for the final figure of \$49,700. There were no objections.

COUNCIL OF THE ARTS-----this is open.

COMMISSION ON THE STATUS OF WOMEN:--It was moved and unanimous consent was asked for deletion of this appropriation.. There were objections from several committee members, and on a show of hands the motion was defeated by 1 to 4.

It was moved and unanimous consent was asked for acceptance of the figure of \$5,000 for this commission. There were no objections. The meeting adjourned for subcommittee work through Sunday, with the next full committee meeting at 8:30 a.m. Monday, March 20, 1967.

HOUSE FINANCE COMMITTEE MINUTES

March 20, 1967

8:30 a.m.

Present: All members were present except Mr. Strandberg , who was excused; and Mr. Robert Ward, Commissioner, Mr. Scott McDonald, Deputy Commissioner, and Mr. Richard Freer, Budget & Management, Department of Administration.

Dept. of
Adminis-
tration
Budget:

Office of
Commissioner:
Personal
Services:

Under Personal Services, the FY66-67 of \$60,900 has gone up to \$72,300. Mr. McDonald said the reason for the increase was due to adjusting from budgeting at Step "C" to the actual step, and one new position -- a Clerk Typist II. Mr. McDonald said the reason for the new Clerk-Typist position was due to the work from the filing of the Commercial Code. The two secretaries in the office do all of the normal secretarial work plus personnel work, and just do not have time for the additional work of the Commercial Code.

In answer to a question concerning the Administrative Officer III in Anchorage, Mr. McDonald said his work is primarily in the Supply division; however, his salary is divided and the Office of the Commissioner pays a portion of it since he does do work other than supply on occasion.

Travel: Mr. Sackett asked why the travel had gone up 38% -- from \$2,600 to \$3,600. Mr. Freer said it is very difficult to estimate this particular figure as the commissioner is often called on to travel without prior notice, and they based their estimate on the actual for 1965-66. He said they will have to transfer money into travel to finish out the FY 66-67 year.

Contractual: Mr. Freer explained that Contractual Services had gone from \$5,700 to \$8,800, mainly because of the high rental on the switchboard. He said due to Health & Welfare, along with Commerce, and other agencies moving out, they had to pick up a larger share of the switchboard than they had in the past.

Internal Audit: This increased from \$79,300 to \$81,100 which Mr. McDonald explained as being just an overall general increase.

Personnel Admin.: This was increased from \$11,700 to \$14,800 under contractual services and Mr. McDonald said the reason this was increased was based on last year's expenditures, and they try to keep this in line.

Budget & Management: It was noted that no changes had been made in the operation nor in the number of employees.
Budget Services:

Legislative Intent: Mr. Borer asked Mr. Freer what **it would cost approximately** to make up enough budget request books for each member of the Finance Committee. Mr. Freer explained that a time factor is involved -- it would cost about \$2,000 -- but he said it would probably be about 10 days after the session started before they could assemble that many. The committee agreed that this should be done and would put it in when they close out the budget.

Central Services: Mr. McDonald said the only big increase was in Equipment, because they needed a new multilith machine. The one they presently have is 10 years old, and was second-hand when they originally bought it.
Equipment:

Management Services: Management Services was turned down by the Budget Review

Committee. Mr. Freer said they decided to defer it for another year. He said it involves a records management program, but the plan needs more work on it.

Finance:
Contractual:

In answer to a question by Mr. Borer, Mr. McDonald said that AKIA equipment rental is for an inter-office phone system.

Mr. Borer asked what the turnover was in state employees. Mr. McDonald said that it was about 33% per year. He asked why the large number of W-2 forms, and Mr. McDonald explained that along with the normal turnover, they also had temporary employees and part time employees that were not counted in the number of total employees.

Mr. Ray asked how much it would cost to pay state employees twice a month. Mr. Ward answered that they are working on the plan and though he didn't have a firm figure, it would part of the overall revamping of the payroll section, but it would be 9 or 10 months before implementation of this.

Supply:
Central
Supply
Services:

Mr. Haugen asked about the Fish & Game Inventory and just how much control did the Supply division have on this. He said requests for supplies come through this division but he also realized there was room for a lot of improvement in this area. The Supply division does keep a running inventory of everything for the other departments, according to Mr. McDonald.

Contractual: When questioned on the large amount for long distance phone calls(\$3,740) Mr. McDonald said to run the surplus property it is necessary to often make these calls, and also in ordering supplies for schools. He said it is very

important part of this program.

Central
Mail Service:

Mr. Freer said this was a new program and the reason it was up from \$15,000 to \$31,600 this year was due to the fact the Central Mail Room was not yet in operation and positions had not been classified. Also, they have taken on one position in this program that was funded in Public Works last year.

Contractual: The .17¢ per mile for car rental was questioned, and Mr. Ward said it was not an ordinary car rental, that it was a Delivery Van, which was rented at a higher rate than the usual state-owned vehicles.

Mr. Freer gave a brief explanation on the Central Mail Service and explained that it was a new program due to the moving of the Post Office from the Capitol Building to the new Federal Building. Previously, all agencies handled their own mail, but due to the distance involved, they set up this new mail room. Mr. Haugen pointed out that when the Finance Committee met last year they had no way of knowing just when this program would go into operation due to the uncertainty of the opening date of the new Federal Building.

Recess: Committee recessed at 10:00 a.m.

10:15 a.m.

Data
Processing:
Personal
Services:

It was noted that Data Processing was given four new positions, and the reason given was the implementation of SWIS. This brought Personal Services up from \$354,200 to \$665,700 for FY 6768.

Contractual: Mr. McDonald said the increase ^{from} \$143,500 to \$280,100 was also due to SWIS; however, this comes from other departments

and comes back to Administration as Program Receipts. In answer to a question on the total cost of SWIS for this year, Mr. Ward said the Lockheed figure is \$1,053,000; however, it will actually cost the state approximately \$750,000 since they will be utilizing some people already on the payroll -- that is the amount budgeted directly for the SWIS program. The difference between the two figures is the approximate amount spent on the data processing program right now for people already on the payroll. Mr. Borer questioned the federal funds involved and whether the state had received assurance that the money would be received. Mr. Ward said they had not been assured of this to date.

Mr. Ward discussed the pros and cons of the program. He said there seemed to be no doubt for the need of the electronic data processing and the State of Alaska is in this business very extensively right now. He said the problem is that the present equipment is actually being exceeded, so the need is there. He said the two exceptions and the two departments that have doubts are Health and Welfare and Employment Security. They are worried about guaranteed access time, and confidentiality. He said he knows they can provide them the access time, and they feel the confidentiality can also be taken care of so these two problems are minor, he feels.

Operations: Under personal services and only increase was in upgrading one position.

Contractual: It was noted that the \$40,000 under 340, repairs, services

and alterations, was moved from this budget to the working capital budget. The increase from \$134,200 to \$197,700 under Contractual Services was due to the proposed installation of a S/360 and the 1401 machine.

When asked if this machine was on order, Mr. McDonald said it was not. Mr. Borer said he understood they were already assembling the machine, and Mr. McDonald said they had not placed an order for it.

F.I.C.A.: On a question concerning the Director of Personnel's salary, Mr. McDonald said his salary was pro-rated in the budget, and FICA was charged a percentage of this salary.

Admin. of Retirement System :
Public Emp. Retirement Fund:
The only new position under Public Employees' Retirement Fund Administration is one clerk-typist. It was noted that this administration was also charged under Contractual Services for implementation of SWIS. When questioned on this Mr. Ward said that they make or will make good use of the electronic equipment.

Teachers' Retirement Fund:
Mr. Borer **said** he would like to know more about the investment procedure of the Public Employees' Retirement Fund and the Teachers' Retirement fund. He noted that under Contractual Services there was an investment consultation of \$5,000 for Public Employees and \$8,000 for Teachers' Retirement. He said he wanted to know who **they** buy the stocks & bonds through, what commissions are paid, and who gets it. He said he was aware of the list of places where it is invested but he wants to know who is doing it. Mr. McDonald said he would get this information for him.

Retired Employee Benefits:
Mr. Freer said the act for this was repealed but 5 people

Surplus
Property:

were still eligible for a total of \$7,600 a year.

There was quite a discussion concerning the surplus property program and in answer to a question from Mr. Haugen, Mr. Freer said it was one of the problems that people did not always pay promptly and they had built up quite an Accounts Receivable.

Recess: Meeting recessed at 11:30 a.m., and will resume at .
1:00 p.m.

1:00 p.m.

Present: All members were present.

The committee discussed budgetary closing out schedules to be met within the next two days.

It was decided to close out Department of Highways tomorrow morning at 8:30 a.m.

Recess: Meeting recessed to report for session on the floor of the House at 1:30 p.m.

HOUSE FINANCE COMMITTEE MINUTES

March 21, 1967

2:45 p.m.

Present: All members were present.

It was agreed to have a night meeting at 7:30 this evening.

The meeting adjourned until 7:30 p.m.

CLOSEOUT: 8:15 p.m.

Department

of Highways: All members were present with Mr. Sackett and Mr. Sasaara

Administration: arriving later. Mr. Freer, Budget & Management was also
Ofc of Comr. present.

Closeout: It was moved and unanimous consent was asked that the Governor's allowance of \$119,000 be accepted by the committee. There being no objection it was so ordered.

Administrative Division : This division covers: Administrative Director; Finance, Internal Audit; Personnel; Supply Services.

Closeout: It was moved and unanimous consent was asked that the Governor's Allowance on Administrative Division of \$803,000 be accepted. There being no objection it was so ordered.

Pre-Construction Division: There were no questions on the requested \$36,600 under

Pre-Const. Engr: Pre-Construction Engineer section; nor on the Road Design

Road Design: Section for \$75,500.

Materials: Under the Travel section of Materials it was moved and unanimous

Travel:

Cut:

consent was asked that \$1,000 be cut from Travel, leaving the travel at \$6,000 instead of \$7,000, which allowed a total budget for Materials section at \$53,400. There being no objection it was so ordered.

Bridge Design: The figure of \$49,200 was accepted by the committee for this section.

Right of Way: Mr. Strandberg asked Mr. Freer why the Budget Review

Personal Services:

Committee turned the department down on their request for an appraiser. Mr. Freer said they kept them at the current year's level because the scope of the program seems to be at the same level. Mr. Borer said with the Governor's emphasis on the cities' routing problems, and if they are going to do a good job they should at least have the appraiser.

Increase:

It was moved and unanimous consent was asked that the appraiser position be put back into the budget and increase personal services by \$13,500 for a total of \$134,000. There being no objection it was so ordered.

Travel:

Mr. Freer noted that the travel that had been put in for this position had been cut at the same time as the position, and he thought the committee might want to put the travel back in. Mr. Strandberg said they could have the position but they would have to find the money for travel.

College Lab: There was no objection to the \$24,000 for College Lab.

Total:
Pre-Constr.
Division:

It was moved and unanimous consent was asked that the total for the Pre-Construction Division of \$383,800 be accepted by the committee. There was objection and the motion carried 6-1.

Maintenance
division:

It was moved and unanimous consent was asked that \$52,300 be accepted by the committee. There being no objection it was so ordered.

Construction
Division:

Travel:

It was moved and unanimous consent was asked to cut the Travel request by \$3,000, leaving a sum of \$15,000 for travel.

cut:

There being no objection it was so ordered.

Total:

It was moved and unanimous consent was asked that the figure

for the Construction Division of \$234,600 be accepted by the committee. There being no objection it was so ordered.

Anchorage District:

It was moved and unanimous consent was asked that the Governor's allowance of \$496,600 be accepted by the committee. There being no objection it was so ordered.

Fairbanks District:
Equipment Cut:

It was moved and unanimous consent was asked to decrease equipment from \$5,000 to \$2,500. There being no objection it was so ordered.

Total:

It was moved and unanimous consent was asked that the committee accept the total figure of \$493,400 for the Fairbanks District. There was objection and on a show of hands the motion carried 6-1.

Juneau District:

After a great deal of discussion by Mr. Ray, Mr. Haugen and Mr. Strandberg on the Juneau District and problems of maintenance, it was decided some investigation would have to be made to see why this district is not doing its job. Mr. Strandberg said he thought possibly the problem was with the Construction Division. He said that contingent on answers they receive on this problem, they could close this out and then reopen it. It was moved and unanimous consent was asked that the figure

Total:

of \$220,600 be accepted by the committee. There being no objection it was so ordered.

Nome District:

It was moved and unanimous consent was asked that \$93,900 be accepted by the committee for the Nome District. There being no objection it was so ordered.

Valdez
District:
Contractual
Services:

It was noted that the lease of office space in Collins Building in Cordova was figured at 52¢ per square foot and it should have been figured at 40¢ per square foot. Since the amount was figured at too high of rate,

Cut:

it was moved and unanimous consent was asked that the Contractual Services for Valdez District be reduced by \$2,000 for a total of \$129,900, the \$2,000 to be taken off rents and utilities. There being no objection it was so ordered.

Total:

It was moved and unanimous consent was asked that the total of \$428,000 be accepted for the Valdez District. There being no objection it was so ordered.

Mr. Strandberg said they would hold off voting a total figure on the Program of Administration (page 248 of the Budget Document) until various questions are checked out and everyone is satisfied with the figures.

Adjournment: Committee adjourned at 9:45 p.m., and planned to meet at 8:00 a.m. to continue closing out Highways.

HOUSE FINANCE COMMITTEE MINUTES

8:00 a.m.

March 22, 1967

Present: All members were present. Mr. Freer from Budget and Management was also present.

Book 2, Highways

Closing Out: MAINTENANCE

Anchorage District: There were no changes made in any line items in this district. The total figure was unanimously accepted as \$2,671,700, pending receipt of more information concerning reallocation of funds.

Fairbanks District: Commodities was questioned, and Mr. Charney was contacted concerning this problem.

It was moved and unanimous consent was asked to accept \$2,126,900 as the total for this district, pending information Mr. Charney is to supply. There were no objections.
(Mr. Borer left at this time.)

Juneau District:

It was noted that there is a decrease of approximately \$10,000.

Contractual Services:

Information was received from Mr. Charney as follows: The Department Request for 1967-68 for line item 390 should be changed from \$55,500 to \$68,800.

It was moved and unanimous consent was asked to accept this figure of \$68,800/ for line item 390. There were no objections.

It was moved and unanimous consent was asked for the total figure of \$395,000 for contractual services.

A motion to amend this motion from \$395,000 to \$391,000. There were objections, and upon a show of hand (4-2) the motion carried.

Mr. Borer entered.

The total figure/for Juneau District was moved and asked unanimous consent for, and there were no objections.

Half-Soleing

Program: These projects were discussed and many questions were asked.

The committee will meet with Commissioner Gonnason tomorrow morning at 8:00 a.m. to settle these questions.

Nome District: It was moved and unanimous consent was asked to accept the total figure of \$378,800 for this district. There were no objections.

Valdez District: It was moved and unanimous consent was asked to accept the final figure for this district as \$1,438,000. There was an objection for questions, and the objections were withdrawn, and so this figure was adopted.

Special Projects: It was moved and unanimous consent was asked to increase this figure from \$200,000 to \$400,000. There were objections, and a second to the motion. The objections were withdrawn and so the figure of \$400,000 was accepted.

Mr. of

Intent: Mr. Strandberg noted to the staff that there should be a note in the letter of intent concerning this.

MAINTENANCE TOTAL: The total figure was \$7,862,900, this being left open pending more information.

Recess: The committee recessed at 9:45 to the House of Representatives.

Meeting: The committee met again at 11:30 a.m.

Department of Administration

Close Out:

Office of the Commissioner: Questions were asked concerning the Uniform Commercial Code, and reference was made to the information that had been requested about this. The new Clerk Typist II position was questioned in connection with this Uniform Commercial Code.

Internal Audit: Mr. Freer stated that there is still one position vacant and recruiting is continuing for this position. Mr. Freer offered to get a schedule of all auditing done by this section.

Total - OFFICE OF THE COMMISSIONER - It was moved and unanimous consent was

asked to accept \$166,200 as the total figure for the Office of the Commissioner, subject to reopening. There were no objections.

Personnel: It was moved and unanimous consent was asked to accept the total figure of \$216,200. There were no objections.

Budget and Management:

Workbooks: This subject was discussed previously on page 322 of the minutes.

The committee agreed that extra sets were needed for the committees and it was moved and asked unanimous consent to appropriate \$2,000 extra in Budget and Management for 4 additional sets of budget workbooks (2 for the House Finance Committee and 2 for the Senate Finance Committee). There were no objections.

Commodities: The figure of \$1,000 shown as the Governor's allowance for commodities was increase by \$2,000 for the extra workbooks, making the total \$3,000 for commodities.

Total - Budget and Management: It was moved and unanimous consent was asked for \$179,800. There were no objections.

Finance: It was moved and unanimous consent was asked to accept \$247,300. There being no objections, it was so ordered.

Supply: It was moved and unanimous consent was asked to accept \$289,400 for the total of Supply. There being no objections, it was so ordered.

Date Processing: This will be held open.

Admin. of Retire.

Systems: It was moved and unanimous consent was asked to accept \$121,000 as the total. There being no objections, it was so ordered.

FICA Admin.: It was moved and unanimous consent was asked to accept \$11,800 as the total. There were no objections.

Surplus Property:

Contractual Services: Item 340 was explained as to the increase from 66-67 \$700 to 67-68 Governor's recommendation of \$4,600.

Mr. Freer said this was used for repairs to surplus equipment.

It was moved and unanimous consent was asked for the total of \$105,800 for Surplus Property. There was an objection. A question concerning the amount of \$30,000 came up, as shown on^{the} line for Unrestricted General Fund Receipts. Mr. Strandberg said that it did not look like we were making anything on this. He asked if there was a list available of all receivable accounts. Mr. Freer said that he would get this information for him.

Total Surplus Property: The objection to the motion above was removed. There now being no objections, \$105,800 was accepted for this program.

Recess: The committee recessed for lunch at 12:09.

Meeting: The committee met at 1:00 with Mr. Freer and Commissioner Ward of Administration.

Data Processing: The whole meeting was a general one, concerning the costs of SWIS to the state, the savings to the state if it was implemented, what would happen to the present program of data processing if SWIS was not implemented and so on.

Reference was made several times to a memo dated February 16, 1967 from Mr. Sharp to Mr. Montgomery which itemized the funds in connection with SWIS. Reference was also made to a memo dated March 20, 1967 to Harold Strandberg from Mr. Sharp on the cost presentation of SWIS. Mr. Strandberg referred to page 4 of the memo dated March 20 and said that if Lockheed pays their people \$20,000 per year and we pay ours \$12,000, there would be personnel problems. Mr. Freer commented that possibly our programmers would have to be upgraded. Mr. Strandberg asked how much of SWIS was included in the 66 budget. Mr. Freer stated that there were some costs in the tail-end that were part of the encumbrances. He thought that there was about \$24,000 in May and June.

Mr. Strandberg asked what the figure of data processing would be if all the SWIS figures were taken out. Mr. Freer arrived at the figure of \$584,600 for data processing without using SWIS.

Mr. Borer expressed his fears that we would get locked in with this system, however, Commissioner Ward stated that we weren't locked in because the peak could be knocked off and continue to work with the people presently on the roles.

The Commissioner further explained that the \$375,000 to Lockheed doesn't have anything to do with the computer. He said that this is the cost of the people and implementation of the system; it was further noted that the computer wouldn't be doing anything until 5 years from now.

In answer to a question from Mr. Strandberg, Commissioner Ward stated that the basic decision to go ahead with SWIS this year, had been made before he was in his present position. He further stated that if we don't go into this program now, and use the present equipment, some other/^{type of}equipment will have to be brought in that has more capacity.

Mr. Strandberg listed two main problems of the system, as he looked at it:

1. This is an entirely new program, never used by any other state.
2. There are too many little problems that need looking into before the program is given approval.

Commissioner Ward said that he will have some more information over from Administration for the committee.

The committee concluded their discussion about SWIS and began reviewing the Department of Education Budget.

Dr. Clifford R. Hartman, Commissioner, Mr. Robert Thomas, Director, Administrative Services and Mr. Jess Conn, Accountant, were present from the Department of Education. Mr. Strandberg was excused to attend another meeting.

Department of Education: Mr. Thomas said the Education budget as presented and recommended by the Governor constitutes no particular increase in the level of services. It reflects the general growth and increased cost; there have been no new programs or changing of the method of doing business. He said legislation of the prior year, teachers' salary ^{increasing} increase and/transportation costs have all had an impact on the department.

Mr. Sackett inquired about the state taking over the BIA schools. Mr. Thomas said they would take over 9 additional BIA schools, 6 of which are operated directly by the BIA and 3 which the state is now operating under Johnson-O'Malley. He said this amounts to about \$480,000 at no cost to the state at this time -- it increases the budget by this much but not the general fund as it is federal money.

General Administration: Mr. Thomas said the increase shown in this budget is due to the charges for the SWIS program, otherwise the program is still at the current level. He said they have one additional position -- Accounting Clerk III -- but other positions were reclassified, so that the net increase to personal services was \$1,600.

Travel: He said the increase in travel was slight and no expansion on travel. In answer to a question by Mr. Borer, Mr. Thomas said the reason this was up over the FY65-66 was due to additional staff, but this was partially federal funds.

On questions concerning outside travel, Mr. Thomas said there were a number of reasons it was important for the Commissioner to be able to travel, especially to Washington. Dr. Hartman said without these contacts it is impossible to familiarize yourself with these people, and this can often mean a great deal in terms of federal funds. He said under no circumstances would these trips be used unless they were necessary, but he would like to be in the position to take advantage of anything that should come up for the department.

Contractual: The increase from \$34,700 to \$94,700 is due to implementation of SWIS. There is actually a reduction in the contractual services, according to Mr. Thomas.

Commodities: The **request** for parkas was questioned, and Mr. Thomas said that people coming here from Washington, D. C., for example, and going up to Nome, simply don't have warm enough clothes for the climate, and that he has often loaned his own parka for their use.

Board of
Education:

Mr. Sassara asked if it wasn't true they would need about \$14,000 under this (additional to what they have requested) according to HB3. Mr. Thomas said the money for the Board of Education has been divided between General Administration, Vocational Rehabilitation and Vocational Education since the Board served these three divisions. He said if the board is increased to 7 members, they would need an increase of \$1,000 (approximately) for the additional member under this section. Mr. Sassara said he thought the \$14,000 was about what they would need for travel and per diem. Mr. Thomas said yes and the board would also need at least a part time secretary.

It was suggested the Commissioner's secretary be used for this but Dr. Hartman said this position has a heavy workload, and the secretarial work for the Board could even become full time, as there would be 6 meetings per year. Mr. Hartman added that the \$14,000 should take care of the parttime salary, however.

Advisory
Commissions:
State:

Mr. Thomas said there should be one additional commission listed under this and that is the Governor's Compact on Education and is not included anywhere in the budget. Mr. Sackett asked how come it hadn't been included, and Mr. Thomas replied that this comes under the office of the Governor, but no one seemed to know at the time where it was to go, so in the end it was left out completely. Mr. Sackett asked where it had been budgeted in FY66-67 and Mr. Thomas said he had assumed it had come out of the Governor's Contingency Fund.

Contractual: Mr. Thomas noted that part of this came under travel in last year's budget, but they prefer to show it as contractual because they have contracts with these people that they bring into write new curriculum programs, and rather than pay their travel and living expenses, they do it by contract now. Mr. Ray left at this point.

Commodities: He said that last year they contracted out their printing, but this year they have their own multilith, so that is the reason why they need to purchase paper.

Higher
Education:

Mr. Thomas said the presidents of AMU, U of A, Sheldon Jackson, and the Commissioner of Education are on the commission, and it deals primarily with institutions of higher learning. He said it is entirely federal funds.

National
Defense Ed
Title X:

Mr. Thomas said this was a 50-50 matching program, and said it was a program of improvement of statistical services. It came about in 1959 when math and science was being upgraded. He said Congress has never been satisfied with the information available to them, so they set up this program to find out how many pupils per classroom, etc. This information is also used by the U S Office of Education.

Contractual: Mr. Freer said there was a problem area here and they have to reconcile this with the Department of Education before any final decision on figures is made. He said the Department of Administration has funded \$37,000 for data processing for the Department of Education and there seems to be a question as to whether Administration can furnish that much value to Education. Mr. Freer said he would furnish the committee with more information on this immediately.

District
School
Support:

Mr. Strandberg returned and also Mr. Ray.

Foundation
Program:

Mr. Strandberg asked about the figures on page 78 of the Budget Request book that is the computation of the Public School Foundation Program. Mr. Thomas said these were the figures that the districts have submitted on admissions. He said, however, that this has been reduced by the state by 4 per cent because the districts tend to over-estimate their attendance. He said this was an increase of 9% over the current year but that the amount was \$838,000 less than requested. Mr. Thomas went on to say that if this 4% decrease was too deep, they would probably have to come in with a supplemental.

SB 88

she
Mr. Strandberg asked what/impact would be if SB88 (relating to school administrators under Public School Foundation Program) and Mr. Thomas replied that it would be about \$91,000 out of the general fund.

SB 47

SB47 (membership allotment on PSFP) was also discussed.

Pupil

Transportation:

Mr. Strandberg asked about the request from the Department for more funds in this and Dr. Hartman said the Governor had turned them down. Mr. Strandberg said he is going to suggest to the committee that pupil transportation be line-itemed so they can't transfer money from other programs into this, because he said they have to furnish this service, and they have to have a definite amount of money. If they take it out of other programs, than those programs suffer. Mr. Freer said they won't short another program, but there is the possibility they may have to come in for a supplemental on this again next year. Mr. Thomas said they lapsed funds two years ago in the foundation program and were able to pick up those funds to take care of the deficiency in pupil transportation. Mr. Strandberg said he wanted a complete analysis of this so they won't be faced with a supplemental next year, and also wondered why the administration takes the position that it is the legislature's problem.

State Share
of Teacher
Retirement:

Mr. Thomas explained the reason for the increase in this was that they are now paid on total salary, which means any additional overtime or such. Mr. Ray inquired about the bill that was passed last year that he was lead to believe was only for clean up purposes, they changed the words "base pay" to "actual pay" and it now costs the state an additional \$240,000 a year because of that one change. Mr. Thomas said he understood the bill was a major change, not a minor one. Mr. Thomas said the Teachers' Retirement was administered in the Department of Administration.

Mr. Thomas pointed out that historically the department has included the matching funds for the University of Alaska in this budget and said he did not see why it was not included in the U of A budget since they have their own separate budget and fiscal responsibility. Mr. Freer said it got started this way and they just have never taken it out of here. Mr. Thomas said it inflated the education budget when it shouldn't have to show the additional \$100,000.

Mr. Haugen said the committee would look into this.

NonResident
Tuition:

Mr. Haugen asked about high school pupils that came from Kake into Petersburg with respect to tuition. Mr. Thomas said if they came from the city of Kake, then Kake would have to pay the tuition but if they were outside the city limits, then the state would pay it.

Johnson-
O'Malley:

The decrease for this year from \$155,500 to \$128,500 for FY67-68 was due, according to Mr. Thomas, to Kenai Borough taking over certain school functions.

State-Operated
Schools:

Mr. Thomas said the over-all increase in this program was 6.6 per cent, and said most of this represented the 9 additional schools from BIA coming into state operation.

There was a short discussion on towns (i.e. Valdez) unincorporating and then the state would have the obligation of running the school as there would no longer be a school district.

SMALL
Business:

At this point, the people from Department of Education left and Mr. Strandberg said they would continue with this discussion at 7:30 p.m. this evening.

Mr. Mark Wixie, Assistant Director of SBA from Anchorage

SB187

Mr. Wixie discussed SENATE BILL NO. 187 (An Act relating to a Business and Industrial Development Corporation...) which is presently in the Judiciary Committee.

HB 276
(Ch.162
SLA1966)

Mr. Wixie told the committee that last year's session passed HOUSE BILL NO. 276 (Ch. 162, SLA1966) (An Act relating to the creation of the Small Business Development Corporation of Alaska...) of which the purpose was/ "...to develop, stimulate and advance the business prosperity and economic welfare of Alaska and its citizens and to relieve seasonal unemployment problems in Alaska by assisting the new financing of industrial and manufacturing plant construction, conversion or expansion, including the acquisition of land, by means of loans, where critically needed, to local development companies..." He said SBA can only loan 80% to these local development companies that need funds to put in a project.

Mr. Beirne arrived at this point.

Mr. Wixie went on to say that the 20% that has to be raised locally is often times too much for the smaller communities. He used Craig as an example of this and said the town had stripped itself of all cash to come up with the 20% on a project where they need \$30,000 for their share. He said they have \$36,000 so far, and he knows they will acquire the other \$3,000 but it could delay the project for months. He said another area that is having the same problem is Tok where they have been trying to get the money for a project they have in mind, and they are about 8% along the way. Without some help they are not going to be able to do it. He said SBA used to be able to make exceptions, but since July, 1966

the requirement has been that the local government must have 20%. Consequently, the SBA activity in the 502 program has fallen off sharply, according to Mr. Wixie.

He said the type of projects they have financed in part with 502 funds range from a hospital in Soldotna to a transportation company in Fairbanks. He said from all indications the transportation company in Fairbanks is in need of additional financing and very probably will be in to get another loan when the SBA loan is down to where the amount of money they need will be in the statutory limitations.

Mr. Wixie said one suggestion has been that the Alaska State Development Corporation provide the funds for the Small Business Development Corporation of Alaska which was established under Ch. 162, SLA66. He said there was no restriction as to how this corporation can get its money. Mr. Wixie wondered if it was too late to be talking about financing this from the general fund, but the Judiciary Committee had been given the idea that Ch. 162, SLA1966 should be repealed as it was not serving its purpose.

Mr. Sassara asked Mr. Wixie how many applications he expected this coming year. Mr. Wixie replied that there would be probably about 20 and they would average about \$200,000 each. Mr. Sassara said he didn't think there was a chance to get a general fund appropriation, and Mr. Strandberg added they might be able to loan from the general fund but could not do it directly because the state cannot use its funds for an individual.

Mr. Wixie said the SBA 501 program is the most flexible

program of all. He said they can make long term loans, equity loans, quick loans to bars, liquor stores, newspapers, radio stations, TV stations, almost any small business. He said it operates almost like a bank.

Mr. Strandberg asked Mr. Wixie if he had discussed this with any of the banks in the state. He said he had from time to time and the reaction generally is that it is a good thing and they would like to have such an organization, but he said up to this time, most of the interest has been shown by the SBA. He said the reason they are so interested in getting these funds in Alaska is because they have seen how successful it is in other states, so they feel Alaska should have it, too.

After some discussion between Mr. Strandberg and Mr. Wixie on using general fund money, Mr. Strandberg said he would have to get an Attorney General's opinion to see if this can be done.

Mr. Wixie concluded his presentation with the remark that what SBA is trying to do is build jobs in the state of Alaska.

Recess: Meeting recessed until 7:30 p.m., when the committee will meet again with Department of Education.

7:30 p.m.

Present: All members were present except Mr. Sassara. Dr. Hartman, Mr. Thomas and Mr. Conn, Department of Education, and Mr. Freer were present.

State-Operated Schools

Rural
Schools

Dr. Hartman said there were 9 additional schools, increase from 85 to 94 in this category.

Federal funds and general fund receipts were discussed. In answer to Mr. Ray's questioning, Mr. Freer said they determine what the estimated receipts will be, based on actual cost per pupil for two years prior, times the estimated number of pupils. They receive 75% of the federal funds for the year and 25% is received six months later.

In answer to Mr. Strandberg, Mr. Thomas said the cost per pupil is estimated to be \$772; this is for 1966. Mr. Freer said next year's estimate is based on actual expenditures.

Mr. Thomas said they have had requests to open six new schools next year. Dr. Hartman said they will have to explore the need for the schools, in many cases there is a building available to use for a year or so. The schools mentioned that they were considering were: Ticho Lake, Twin Hills, Ugashik and Pitka's Point.

In answer to Mr. Strandberg's questioning, Dr. Hartman said it would come to \$45,000 for building, if you budget for at least three of the schools, and \$15,000 for operational funds.

Mr. Strandberg said he did not like to see the building of these schools delayed for a year.

Dr. Hartman said there is absolutely nothing at Pitka Point. Many of the students have been going to St. Mary's or to Mt. Village.

Mr. Strandberg asked if there was any money in the capital improvement funds. He asked Mr. Freer if he would get information on the Ekok Capital Improvement fund to see if some funds can be used for the other schools.

Mr. Sackett asked Dr. Hartman about the school at Huslia as the bank is falling away from it. They are planning to move the building but are waiting for funds for it. Dr. Hartman said he would check into this.

In answer to Mr. Miller, Dr. Hartman said they can move some buildings from Tok to Northway to use for temporary classrooms.

Mr. Sackett asked how many state-owned schools were on a shift basis for lack of facilities. Dr. Hartman believed there were just one or two, Northway and Manley Hot Springs.

Vacancy
& Turn-
over

Mr. Ray inquired about the \$67,687 for vacancy and turn-over.

Mr. Thomas said they used to lapse money out of this fund every year but did not believe they could lapse money this year.

In answer to Mr. Strandberg, Dr. Hartman said they lapsed \$207,000 last year. Mr. Conn said they have salary increases this year that wasn't budgeted for. Mr. Thomas said the things that they are able to compute are just about equal to the amount of funds available. Every year they order supplies for the next coming year. They accept the superintendent's estimates of what the enrollment will be. They formerly estimated 10% higher than the figures they had, but this year they cut it back 4%.

Travel: It was noted there was a \$14,000 increase in travel.

Commodities: Mr. Thomas said the primary increase reflects the increased number of schools. The Governor's allowance was \$47,200, which is \$13,300 higher than what was authorized last fiscal year. The dept. request, however, is \$64,200.

Equipment: The Dept. request was \$138,700, the Governor's allowance was \$114,700. Mr. Thomas said the increase is for the new schools they are requesting. Part of this increase, he said is equipment for vocational training and business classes. (Typewriters and calculators were requested for the latter).

On-Base Schools:

Mr. Strandberg asked what the pupil-teacher ratio was for the schools. Mr. Thomas answered: Rural - 17 .5; On-Base - 23.5; District Schools - 21.9 .

Personal Services

\$6,900,700 is requested by the dept. and the Governor's allowance is \$6,721,000.

Travel:

In answer to Mr. Ray, Mr. Thomas said the increase requested for was for travel for the principal, superintendent and curriculum supervisor to attend meetings for professional improvement. This is the first time that On-Base schools have been represented at these meetings.

They were authorized \$25,800 last year, the Governor's allowance is \$31,000.

Contractual: They were authorized \$420,000 last year and the Governor's allowance is \$441,000. In noting the large increase in item 350, it was explained that this is for students on the On-Base Schools, which was formerly budgeted in code 390.

Commodities: No questions.

Equipment: The dept. was authorized \$83,000 last year and the Governor's allowance is \$92,000.

Dr. Hartman requested that he would like to see the coaches and teachers paid for their extra time that they put in for inter-mural activities. All district schools receive this compensation. This would come to \$6-7,000 in the budget. It may have to be a line item. Mr. Strandberg said this was fine

if they could manage it in the present budget.

Adminis.
Office
Pers. Serv.

In answer to Mr. Strandberg concerning the new position requested for Juneau, Mr. Thomas said the Sr. Education Specialist will be responsible for teacher recruitment and placement in all state-operated schools.

Travel: Same level.

Contractual: It was noted the contractual level was down to \$5,600 and they were authorized \$11,000 last year. Mr. Thomas said they were planning to have an office located in Anchorage, but they will not have it there for another year.

Commodities: They requested \$500 and they were authorized \$1,000 last fiscal year.

Equipment: Same level, \$1,700.

Regional
Schools:

Mr. Ray noted the department had \$3,150 increase in salaries. Mr. Thomas said this was not accounted for when they set up the budget the prior year.

Mr. Thomas said one auto mechanic was cut out of the new positions.

Beltz
School

Mr. Haugen and Mr. Strandberg expressed disapproval that the Beltz School, set up in the Legislature as a vocational school, has now turned into a regional high school. Mr. Thomas said it has only the minimum requirements for a regional high school. This is so students who want to can go on to college. Dr. Hartman said they should have available for them a program that is acceptable to enter college. Mr. Ray said there were 2 or 3 applicants, 28-30 years old, who couldn't attend the vocational school. Dr. Hartman said the Dept. of Education has no responsibility for those older than school age.

Dr. Hartman said the new school planned for Nome will become

Mr. Beirne entered.

a part of this one and they will still have the vocational school. Dr. Hartman expressed the need for all to have a minimum high school education and that he can see the Vocational school serving as the 13th or 14th year for many students.

Mr. Strandberg asked what was going to happen to the Kodiak school, was that going to be made into a regional high school. Dr. Hartman answered that there is no reason why they can't provide them both.

Mr. Miller asked about the older people, in their 20s or 30s, who never had a chance for vocational training. Dr. Hartman said this could be worked out, the facilities are there. Mr. Haugen expressed the need for fishermen training. Mr. Ray left.

Special
School
Service

School Lunch and Special Milk: Mr. Strandberg said the BIA now offers this service to their schools and the state will receive pressure to continue this program when they take over the schools (on a statewide basis). This would cost roughly two million to get the equipment.

NDEA Title
III

The \$44,750 request in code 380 was questioned. This was for consultants to conduct workshops for groups of local educational agencies. It also included the travel and per diem for 35 teachers selected throughout the State to work on developing curriculum guidelines in these areas. All this money is matched. The local matching funds do not show on the budget.

NDEA Title
V

Counseling and Guidance.

Travel: The U. S. Office of Education feels that the Supervisor of Guidance must visit and write a report on each program

school each year. This will result in increased travel and per diem costs.

On pages 218-221 are the vocational tests, its supplies and materials that help a student. The vocational education student buys their own catalog.

Correspondence Courses: Dr. Hartman said they have completely changed from the Calvert course to state planned courses. (This is for grades 1 - 8) Grades 9 through 12 use the University of Nebraska courses. In answer to Mr. Sackett, Mr. Thomas said that approximately 350 students were taking the correspondence courses.

Sabbatical Leave: It was noted that the dept. requested \$67,500 and the Governor's allowance was \$37,900, which is the same as the amount authorized last fiscal year.

Adjournment: The meeting adjourned at 10:00 p.m.

HOUSE FINANCE COMMITTEE MINUTES

March 23, 1967

8:00 a.m.

Present: All members were present, with the exception of Messrs. Ray and Sassara. Commissioner Gonnason, Mr. Charney and John Becker from the Highway Department were also present. Mr. Freer from Budget and Management was present.

WORKING CAPITAL FUND: It was noted that this is not general fund money, but money that come from Highway's own divisions back into the Working Capital Fund.

EDP: The question of SWIS came up here and it was established that Highways do not have any involvement with this program. If it was cut out of the budget, it would not affect this particular part of the budget.

Personal Services: There is one new EDP Programmer II and two reclassifications. Mr. Ray entered at this time.

The Commissioner referred to page 101 of the workbooks which explains that one programmer was transferred into the computer section. Also, one programmer was eliminated.

Travel: There were no questions in the area of travel.

Contr. Ser.: Item 360, .60¢ per square foot for rental for the Island Development Building was discussed. This rate includes janitorial service and utilities. (See page 197 of the workbook for further details).

SIGN SHOP: Mr. Sassara entered at this time.

Contr. Serv: The sign shop and the Division of Lands share an office somewhere in the vicinity of Post Road.

Equipment Section: A question was asked as to whether or not there will be a maintenance shop next year in the vicinity of Nenana. Mr. Charney explained that the bids were too high that came in for this and they had to be rejected.

He further explained that these bids will be readvertised. He said that the construction probably won't be done until 1968.

Anchorage District: All new positions were not allowed by Budget and Management, a total of 6 new positions. Mr. Freer said that the program was cut to last year's level, and if the program increased they could add men without legislative appropriations, but with the Governor's approval. However, he said, it must be based on reimbursable funds. The Commissioner noted that some of these positions that have been deleted are now filled, and were filled last year because of an increased program. Mr. Freer stated that there would be no objection to putting these positions back in, and added that Budget and Management had not been aware of this situation during the time the budget was drawn up. Mr. Strandberg said that a memo should be sent over bringing this section up to date concerning this personnel.

Fairbanks District: When asked if the same situation was true for Fairbanks as for Anchorage, Mr. Charney stated that Anchorage has always had the problem of requesting positions and having them knocked out, but Fairbanks does not have this problem.

Contractual Services This increase is due to the change in rental rates for the districts.

Personal Services: Mr. Ray noted the decrease in Shop Foremen. This question could not be answered and Mr. Charney will see what happened here.

Commodities: It was noted that there was a \$20,000 decrease in this area. Mr. Freer explained that they cut this back to last year's level. Mr. Strandberg asked that if there is an increased program level, would this need to be increased, even with the same equipment. Mr. Charney stated that this could be taken care of possibly out of

anticipated receipts, but commodities would need to be increased.

Juneau District: The increases and decreases in personnel in the Juneau District were discussed and it was stated that in effect the program is about at the same level.

Nome District: Mr. Borer noted the difference in the parts program in this District as compared to the other districts, and stated that Nome was apparently more efficient than any other district. Mr. Charney stated that this probably was due to the fact that they bring all the equipment into Fairbanks because of the weather conditions.

Valdez: Contractual Services are up here because of the change in the rental rates for the district. The price of diesel fuel was brought up; Mr. Strandberg said it was a very fair price. Mr. Charney said they charge fuel out on an average price at all stations in the district.

Working Capital Fund:
Equipment Purchases:

Haines: The use of the equipment, purchased out of this fund, was discussed, concerning the Canadians. It was established that we only get \$127,050 from the Canadians on the maintenance of the Haines area. The state's cost for this maintenance is anywhere from \$150,000 to \$200,000. This agreement on the figure of \$127,050 was arrived at by Sam Johnson previously employed by the Highway Department, in 1960 and the Canadians will not agree to any other figure.

Mr. Charney said that all districts are contributing money for this maintenance, but that the Juneau District pays for it. Ten percent is held back for reserve on all allocations in all districts except for rents and utilities.

Equipment for this area is the best, and is brought in from Anchorage and Fairbanks. Mr. Strandberg said that there wasn't enough money in the Working Capital Fund for this and Commissioner Gonnason agreed

and further stated that Highways want to get out of this situation in Haines and that they are in the process of trying to negotiate with them on this.

New Eqmt. Attention was directed to the new equipment as listed on page 187 of the workbook. It was mentioned that this is all replacement equipment; however, when asked if some of it will go to Haines, Mr. Charney replied that they already have some fairly new equipment there.

Pickups: Mr. Strandberg noted that \$933,000 is being budgeted for for equipment, and \$300,000 is for pickups; this is out of proportion and he further stated that this is noticed by a lot of people. He cited one situation where there were 7 pickups on one job.

Mr. Charney stated that when BPR turned over the equipment to the state, they didn't turn over any costs for the depreciation reserve.

At this point Mr. Charney said that \$1,200,000 was the amount for the total depreciation for one year, and Highways tries to replace this much every year for the depreciation.

Mr. Borer requested a list of all state vehicles, and some further information on the equipment rental rates.

Recess: The committee recessed for a Republican Caucus.

Meeting: The committee met again at 9:30 a.m.

Equipment Purchases (cont.)

Mr. Strandberg asked about the status of the equipment throughout the state. Commissioner Gonnason replied that the Department is about two years behind in rotating equipment, although the money that was available was spent, they fell behind the first couple of years. Now, he stated, the Department is holding their own. The Commissioner suggested that he provide the committee with a complete analysis for the next year.

Mr. Strandberg said that if the equipment is not working, it is not developing money for the Working Capital Fund.

He also noted that some of the outlying stations are not getting the administrative support they need.;

Equip.
Lists:

Mr. Borer noted again the committee will be getting a list of the existing equipment and where the new equipment is going to go.

Building Maintenance: Juneau Headquarters:

Item 330, page 197 was discussed, rental rate for the Island Development Corporation for the Department of Highways Building in Douglas. It was noted that .39¢ was for bare rental.

Mr. Strandberg mentioned the fact that on some of the jobs that are in outlying areas, there should be temporary facilities set up so these men don't have to drive 120 miles every day to and from the location of the jobs. He emphasized the fact that these people are actually only ^{on} the job location 4 hours, the rest of the time is wasted in driving to and from. He continued, stating that these facilities could be set up for jobs that lasted from 7 - 12 days, and that the employees would probably like to have something available while they are so far away from home.

Buildings Operations
Anchorage District:

State-
owned
housing:

Mr. Charney noted that beginning April 1, 1967 rent will be deducted from state employees' checks, this way Highways will be assured of receiving rent for their rental quarters.

Mr. Borer cited an instance where a state employee had sold his own home, to move into a state-owned house.

The problem of getting FHA loans in Glennallen were discussed. Mr. Borer expressed his opinion that the rental rates the state charged were too low (\$90-\$120 plus utilities). He thought that if the rents were raised, this might give people more incentive to build their own homes.

Mr. Strandberg replied that if this were done, (raise the rent) you couldn't get people to go to places like that.

Commissioner Gonnason stated that the Buildings Operations was operated on a non-profit basis and we have lost money on these rentals.

Mr. Borer brought to the attention of the committee that there were vacant trailers and apartments in Cordova, and in his opinion, renting state-owned homes at such a low rent was killing local development. However, Mr. Strandberg noted that he has never heard anyone say that "they wanted to build houses in Glennallen and for the state to not build housing".

Mr. Borer said that the rental rates for houses should be adjusted up some degree and provide more trailers for the outlying areas.

Commissioner Gonnason said that in connection with Mr. Borer's statement about the vacant trailers in Cordova, that this is something Highways should look into.

Mr. Strandberg said that the real problem is in the outlying areas, like Eureka, etc.

Juneau District: Contractual Services, item 330 notes that the Island Development Building has been shifted from the Juneau District Office to Headquarters.

Nome District: At this point Mr. Strandberg noted that if the Buildings Operations is losing money, it is coming out of the equipment rental. Mr. Charney stated that the quarters are losing money, but the rest of the Buildings Operations take care of this loss.

Mr. Ray left at this time.

In answer to a question from Mr. Strandberg concerning raising the rental rates, Mr. Charney stated that there has not been any raises for the last three years that he could remember.

Supply and Services: This is a reproduction program, which they charge out to the different divisions.

Recess: The committee recessed.

Meeting: The committee met again at 10:06 a.m.

The Highway long range program was brought up at this time.

The Chart for the Department of Highways for 1968 Fiscal Year

Budget was referred to.

Contracts: Mr. Strandberg remarked as to the number of people involved on construction jobs on the supervisory level. He noted the amount of criticism all over the state concerning this problem. Commissioner Gonnason said that this is a problem and that they have been looking into it. This problem may be due to a surplus of people between jobs and maybe sometimes the contractor doesn't hire enough of his own people. Manning these jobs at the proper level has been quite a problem, he stated, and went on to say that contractors really have to be watched closely.

Surveys: Instances were brought to light where certain roads have been surveyed numerous times and this problem was discussed.

Mr. Sackett asked just what all does pre-construction include. It includes everything up to letting the bid, Mr. Charney said.

Half-Soling: A schedule on the summary of half-sole projects was passed out to the committee members.

As to the results of this program, Mr. Becker said that it is hard to determine right now what they will be. This can't be determined really until after the breakup this spring.

Reduce Maintenance: Mr. Becker stated that they expect 90% of this half-sole program will be a fairly permanent improvement.

Mr. Borer stated that this program has made a vast improvement in his district.

Mr. Becker noted that \$8,676,213.52 is the amount that will come out of federal aid. He also mentioned that he drove six of the projects last year and the half-soling made a real improvement.

Patching Crew:

Mr. Strandberg asked if in the maintenance budget if there was a mobile unit patching crew, and went on to ask why Highways couldn't "overlay" some of these areas instead of patching them. Commissioner Gonnason stated that they have one portable hot plant but noted how expensive it was, and added that it is coming down to Juneau. Mr. Strandberg voiced his disapproval on some of the re-construction areas. A general discussion followed concerning problems in this area, where Highways has gone to the higher standards, rather than the minimum, as recommended by BPR.

Mr. Strandberg mentioned that a typical road for overlay work would be between Anchorage and Fairbanks.

Mr. Borer asked about the design of the "T" on the Richardson and Glenn Highway, noting the amount of accidents that have happened there. (34 in one day).

Anch. & Fairbks. Highway

Commissioner Gonnason stated that the Anchorage-Fairbanks Highway has second priority. Urban Road projects are number one priority. Commissioner Gonnason stated that today at 11:00 a.m. bids will be opened on 29 miles of the Anchorage-Fairbanks Highway. There will be approximately 40 miles of work under construction this year. Mr. Miller asked when the two roads will meet, and it was estimated approximately '71 or '72. (Mr. Becker was very optimistic, it was noted.) The bid to be opened today is for Susitna-Chulitna Road. Messrs. Ray and Sassara came in at this point.

Mitkof Highway:

Mr. Haugen asked if they would have the Mitkof Highway in shape

this spring. He emphasized the importance of getting this done, and Mr. Becker stated that they should have a contractor in there by next fall. Now, he said, they have to get the rights-of-way and utilities settled.

Mr. Haugen explained that there are two log companies on the other end of this road and further that this was supposed to be done in 1962. This has got to be done something to, Mr. Haugen said.

Dry Bridge: Dry Bridge was brought up. Mr. Charney said that the design was about half completed.

Mr. Strandberg asked what the completion date for the road between Petersburg and Wrangell. It couldn't be answered, but it was estimated sometime in the late 1970's.

Ptsbg. Wrangell Road: The distance (mileage) between Wrangell and Petersburg was discussed and the committee arrived at a figure of approximately 60 miles.

Reference was made to the Thacker Robinson report.

Reference was also made to the reluctance of the Canadians to come down to meet us on this road.

Bristol Bay Access: The Bristol Bay Access road across the peninsula is the number one priority. Water and Harbors, and Highways are making the study, which should be pretty well wrapped up this season. The initial start is in this current program.

Mr. Sackett was excused to the floor of the House of Representatives to hear the Choir of the North.

Extend Thane Road: Mr. Ray asked what the progress was on extending the Thane Road down past Point Bishop to Atlin. Mr. Becker said that this possibility has been discussed for 6 years now and that it has fairly low priority. In connection with the Forest Service Road coming down from Haines, Mr. Becker stated that they are putting a survey camp at Pyramid Harbor this April.

Mr. Sackett returned.

Reference was made to the new statistics received which replace page 286 of the Budget Document. It was noted that the state's ratio has been changed from 8.3% to 8.97%.

The committee went into a very thorough discussion concerning the impact to the General Fund of contingent liabilities. Mr. Charney said it is the usual procedure to match two years, so that we will have a \$600,000 impact, which will be deferred. Mr. Strandberg said we have to know of the contingent liabilities that will be against this surplus. The Highways people said that next year the impact will be \$900,000. Mr. Strandberg said that if we fund this out of 1968, we will have to have another bond issue. He further asked in which budget year are we going to have to fund out another highway program; we can't pick up that much money out of the general fund. The position of the state was asked about a year from now. Mr. Strandberg requested information from Highways and Budget and Management as soon as possible as to what impact will it have on the total construction program. Will we lose federal aid if we cannot match it.

Mr. Becker said that there are above \$44,000,000 worth of awards for one year. We are working off our backload now. The Commissioner said that they would need to be fully funded by next year.

Mr. Strandberg said that we can't fund out of a bond issue that we are anticipating on an election.

Mr. Strandberg asked for a complete analysis on just where we stand, and asked Highways to get together with Budget and Management.

Land
Claims:

Mr. Borer asked about picking up land claims, and if this would affect our ratio adversely. Mr. Charney said they could compile something to make an estimate on this.

ASHA

These projects were discussed by the committee, taking into account the fact that the Fairbanks Highways Complex was deleted.

The meeting recessed at noon.

1:45 p.m.

Present: All members were present except Mr. Miller and Mr. Ray, who had been excused. Present from Department of Education:

Department of Educat. Budget Mr. Hartmann, Commissioner; Mr. Thomas and Mr. Conn; and Mr. Freer from Budget & Management.

Continued: Vocational Education: Personal Services: Under Personal Services, Mr. Thomas said they had requested new positions (as shown on page 9 of Budget Request book) but all had been turned down by the Budget Review Committee.

MDTA:

Electronics: Mr. Strandberg asked what the situation was on the electronic technician program. He said the information the committee had from Department of Administration indicated that the necessity for this program had decreased. The committee understood there was no longer a shortage in this area. He asked why this money couldn't be turned over to the U. of Alaska to run the program. Mr. Thomas said the MDTA program was set up by the federal government and that the Department of Labor located the unemployed people who were eligible for training and they (Labor) provide subsistence and training allowance. The responsibility of the Department of Education is to provide the group with the training. Mr. Thomas went on to say that the program has been going on for three years, and in those three years they always had abundant funds but now the money is not nearly so abundant. He said the electronics program now has a lower priority; also, the department has no authority to transfer funds as this is federal money. Mr. Freer explained the reason for the lower priority on the electronics training. He said it is somewhat due to being a very costly program -- \$9,000 per student and so this MDTA money was not getting spread around the way it should.

Mr. Freer said the reason they cut it out of the U. of A. budget because the University proposed 100 % general fund to continue the program. The Budget Review felt the program could be carried on under Vocational Education the Department of Education budget, rather than spend all general fund money on it. Mr. Thomas said there was no doubt that it was a good program and very successful.

Mr. Sackett asked what new MDTA programs were being planned? Mr. Thomas said the Department of Labor made this decision, based on who was unemployed. Dr. Hartman said it could be practical nursing, for example, or whatever seems to be needed. These programs can be carried on in conjunction with the U. of Alaska, community colleges, vocational education, etc. Dr. Hartman discussed the concept of this type of federal program in that the federal government gets them started, then start cutting down their percentage of the share, so that the state must eventually take it over or drop it. If a state is interested and the program is productive to that particular state, the federal government has served its purpose by getting it started, then it phases out its share. Dr. Hartman said he felt these programs should be re-examined every year to see if they are filling a particular need for the state.

Travel: It was pointed out that travel was kept at the current level, with a few minor exceptions.

Mr. Haugen questioned the home economics program and/a ^{there was} discussion on "useful homemaking" versus "gainful homemaking". Mr. Thomas said the federal government is trying to get away from the "useful" and go into "gainful". Mr. Haugen said this probably is fine

in the cities but he felt towns like Petersburg and Wrangell profited more by the "useful Homemaking" program.

Mr. Thomas pointed out that the MDTA programs are 90% federal funds as opposed to vocational education, which is 50-50 matching. In answer to a question, Dr. Hartman said the amount of money the department receives from the federal on MDTA is not determined until mid-summer. He said the Department of Labor and Vocational Education had to enter into an agreement with community colleges, or U. of Alaska. Mr. Haugen asked how people in the small villages could get into these programs and Mr. Thomas said this was the responsibility of the Department of Labor to find these people and assist them. He added that one of the problems they have had with this is that people are often employed at the time they start one of these and so they are not eligible.

Mr. Strandberg asked how long this program has been in existence. Mr. Thomas said since 1963, and though it started out as a modest program, as a result of the earthquake, it has grown.

Contractual: Mr. Strandberg questioned item 390 -- \$27,300 for cost of services of consultants in various areas of the state for program development. Mr. Thomas said they paid about \$50 to \$75 a day for these people. Dr. Hartman said this is the first year they have proposed to do this and in special cases, may have to bring these people in from outside.

Mr. Sackett questioned the \$24,000 for storage space for MDTA equipment. Mr. Thomas said this was a real problem, and

it was not useful just any place, and they don't have a program going where they can use it right now. Dr. Hartman said the equipment was worth over \$125,000 and they had two choices: use it in a vocational high school, or to tell the federal government it is surplus, they will reclaim it and send it back to the states for another state to use. He said they are stuck with it until a new program starts, or it can be used in one of the new vocational schools.

Special
School
Programs;

Mr. Thomas explained this category as a catch-all for programs that don't fit into any other program. He said the Civil Defense Adult Education Program is 100% federally funded.

Aid to
Handicapped:

Mr. Thomas said the Aid to Handicapped program is a special program that sends handicapped children outside to school, such as schools for the blind. They now have 5 children in the program and because it was not funded last year, they were able to keep it going by Ex. Order 20 transferring funds from Juveniles in Detention program. The latter program was over-funded so they used money from that. He said they allow \$3,000 per child and if they live in a borough, then the borough shares in this amount. Dr. Hartman said this program was just passed last year and they had not had any such program since Territorial days.

Citizen
Night School:

Mr. Thomas said that historically they have received \$1500 for this program, but they lapse anything over \$600, so that is all they requested. He said the program only functions in

Anchorage community college and two classes a year cost \$230 each plus some for incidentals. He said it is essentially an English class for the foreign-born.

Senator Segich arrived at this time.

Juveniles
in Detention:

Mr. Strandberg questioned the fact that this program had been cut from \$40,000 for fy66-67 to \$15,000 for this year. Mr. Thomas said it has not been running to its maximum, so they have been lapsing in this. He said the program is only in Ketchikan, Juneau, Anchorage and Fairbanks, and they teach these children in various ways. Dr. Hartman said this may go up when they open the rehabilitation center in Anchorage, and then the program can be developed to its fullest extent. He said they just don't have the places to teach them, and in Anchorage it is a particular problem with the girls because they must furnish a matron to accompany them to these classes, and Anchorage hasn't been able to do this. He said the classes in Anchorage for the boys seems to be working out. He said it isn't because these places don't want to cooperate, they just don't have the supervision that must be provided to carry out this program.

Economic
Opportunity:

The OEO program was discussed by several members, and Dr. Hartman that this is now an independent board (ASCAP) -- a quasi-independent group with a Director. He said Anchorage and Fairbanks have their own counterparts to ASCAP. In answer to a question by Mr. Strandberg, Dr. Hartman said his own personal feeling on the program was if they have good leadership they will be able to work out their problems but he feels it will take a strong director. He said many of these grassroots

people get over-anxious to what they want to do so without strong leadership, he doesn't feel the program will work. He added that a good board was necessary to the operation, too. Mr. Strandberg asked who appointed the board, and Dr. Hartman did not know. Mr. Strandberg said on information he had been able to secure, that the administration was going to have some control over the program.

ACCA & ARCA
proposed
Appropriation:

At this time, Mrs. Carolyn Guess and Mrs. Barbara Strandberg arrived at the meeting to discuss the appropriation that had been requested by the Alaska Crippled Children's Association. Mr. Strandberg said the reason for having them at this time was so that the Department of Education could participate in this discussion. He said the money would probably have to go in the Health & Welfare budget but it was a school program and therefore of interest to the department.

Mrs. Guess explained the ACCA needed \$30,500 to continue their program for teaching the hard of hearing pre-schoolers. She said these children cannot enter first grade unless they have been in this program and learn how to lip-read, but after this program they are usually able to enter ^{public} school on schedule. With this money, they could hire additional staff to take care of the number of children that presently need this service.

She said that though the school is located in the ACCA center in Anchorage, these children do come from all over the state. There was some discussion as to whether Department of Education could handle this program, due to the language in the Education Act passed last year stating a 5-year old age limit, and also the fact that the department cannot deal with private groups,

only public ones. Mrs. Guess said on this being a private organization, that in a sense it was public because anyone who was eligible could receive help from ACCA.

Mrs. Guess said that if this money was appropriated to Health & Welfare, they would have to be directed to fund this to Alaska Retarded Children's Association, since this is the group that does the hiring of these teachers, and they use the ACCA center. She said she understood that Health & Welfare could enter into an agreement with private organizations.

Dr. Hartman was to get definite information on this as far as what Department of Education could do. Mrs. Strandberg said they would prefer to handle it through Education if possible.

Mr. Freer asked if this would be a continuing program and if they would again need the funds next year. Mrs. Guess said yes the program would continue and they were faced with cutting out the program entirely or coming to the state for the additional funds. Mrs. Strandberg explained that they are applying for federal funds which will come into the Department of Education but Congress cut down on this appropriation, but when they get this, they will be able to use the funds, and not have to come back to the state for money. This is a program set up under Title VI for the handicapped. Out of \$150,000,000 requested by the President for this, the state should receive about \$70,000,000, and out of this, they could then get the \$30,500. Dr. Hartman said this program has yet to be funded by the federal and just when Congress will fund this is anyone's guess.

Mr. Strandberg suggested they fund this \$30,500 with strings

attached -- that is, they would have to lapse the general fund money for this if the federal funds came through.

Mr. Strandberg again inquired about Education funding this program. Dr. Hartman explained they work through the district in Anchorage and at present pay the district to assign one teacher to the ACCA center to teach the handicapped -- however, this class involves all types of handicapped children and does not specialize in hard-of-hearing classes. Dr. Hartman said it was his understanding they could furnish this teacher through the district but could not work directly with ARCA but he would let the committee know.

The discussion on this ended at this point, and the committee returned to the discussion on the Department of Education budget.

Mr. Ray left the meeting at this time.

State
Libraries:
Library
Service:

The letter from Mr. Ward of March 9 (see Dept. of Education files) was discussed, in which the administration requests an increase in the State Library appropriation. According to Mr. Freer, the Budget Review Committee had cut this, not realizing that they had cut it below the federal minimum requirements. The cut could jeopardize the whole budget, from the federal, so therefore the administration requested this money be restored, which would bring the Governor's allowance (page 97 of Budget request and page 89-90 of Budget Document) up to \$194,700. \$8500 is added into Library Services on funding bringing the Library Service funding up to \$121,800 and the General Fund receipts was upped from \$60,800 to \$72,900.

Travel:

Concerning the cut in travel, Mr. Strandberg asked if the cut in this represented cutting outside travel.

Mr. Freer said they gave them last year's level plus a little extra but he imagined that it would cut down on some of their outside travel.

Grants, Claims: This appropriation is where the grants are made to the various libraries.
(700)

With reference to the InterLibrary Cooperation program, the Institutional Library Services and Library Service to the Handicapped, Mr. Freer said the Budget Review Committee eliminated these requests for new programs because they felt the Legislature should take a look at them before they get started on this type of thing.

Public
Library
Construction:

This is a federally funded program, according to Mr. Thomas. He said these funds are grants to local libraries, and also funds were used to move the State Library and remodel the new location for it in the Capitol Building. He said, however, they only used this after the cities were assured they had what they needed from it. He said this money for this current year for this project was obtained under Executive Order 20. He said the state does not participate in the funding; however, the local communities match 58.70% local funds to 41.30% federal. Mr. Strandberg asked why this money wasn't shown in the FY66-67 budget, and Mr. Freer said because it was not an appropriation by the legislature, it was a transfer of funds by Executive Order 20. Mr. Thomas said that Kodiak, Ketchikan and Seward had built libraries with this fund, and it allowed for construction, equipment, remodeling, but not for books.

● **Obsolete
Books:**

There was quite a lengthy discussion on what to do with obsolete books. Mr. Thomas said the department gets criticized if they burn them; but if they try to give them away, they also get criticized because they are putting out books that are outdated. Dr. Hartman said that private organizations try to take care of this and ship them out throughout the state. Mr. Thomas said for them to organize any type of program on this would cost more than it would to buy new books and give them away, because they would have to set up a storage space, hire people to run it, etc., etc.

Historical
Museum:

● It was noted that the \$51,500 for the Historical Museum was all general fund money. The Greater Juneau Borough is presently constructing a two-story building to house the Historical Museum, and have financed it by adding 1% borough sales tax for one year, according to Mr. Freer.

In answer to a question, Mr. Freer said that Juneau is only building this, but the state will take it over and the Division of Buildings will furnish maintenance. He said Public Works has a \$33,600 request in this new budget for this purpose.

In answer to a question, Mr. Thomas said the historical museum and historical library are no longer together. One reason is that the historical library is eligible for federal funding, and the museum is not.

● **Contractual:** Mr. Strandberg questioned the department's request for \$29,000 and the Governor's allowance of \$13,000, and noted that out of this they had requested \$12,000 for rent and were only given \$3,000. Mr. Thomas said at the time the budget was made up, they did not know they were going to have this

appropriated in the Division of Buildings budget.

Mr. Strandberg noted the \$7,000 request for consultants that was deleted by the Budget Review, and wondered why it was in there in the first place. Mr. Thomas said as everyone knows the totem poles are rotting away, and certain historical items were getting lost, and since there really isn't anyone presently in the state that can advise the department, they had hoped to bring in a consultant on this. In answer to a question on public relations consultant, Mr. Thomas said he had not seen it in the budget and could therefore not explain the request for one.

Vocational
rehab:

Mr. Thomas said all new positions in Vocational Rehabilitation are federally funded. Mr. Sackett asked if the state would have to pick these up next year, and Mr. Thomas said no, that this is a longstanding federal program and this would not happen.

Training
Grants:

Mr. Thomas said the request for this is mostly travel money, as these people must go outside for training and rehabilitation.

Small
Business
Enterprise:

Mr. Thomas said this section covers such items as the stand that was in the Capitol Building and run by a blind man

BOASI:

This is all federal grant money, according to Mr. Thomas.

Special
Southcentral
Alaska
Project:

This originally started out as an earthquake project, according to Dr. Hartman, but it has grown into a much wider area than just Southcentral now. Mr. Thomas said in Anchorage they have established what they call a half-way house which helps people be restored to useful employment. Dr. Hartman said they helped 85 people through counseling, training, etc., and it is hoped they can up this to 135-150 for this year. Dr. Hartman said

this started out as a program for people injured in the earthquake but it turned out there weren't that many that had been injured, so they have branched out with it into other areas. Mr. Strandberg noted that though it had started out as a federal program, that the state will contribute \$91,000 to it this year. Dr. Hartman said it is the type of thing that either the state will pick up or they will have to drop it.

Recess: Meeting recessed for 10 minutes, then the committee will return for a bill session.

4:20 p.m.

Present: All members were present except Mr. Miller and Mr. Ray. It was moved and asked for unanimous consent that the following bills be reported out of committee with a "do pass" recommendation. There were no objections, so the following bills were reported out:

SENATE BILL 132

HOUSE BILL 195

HOUSE BILL 111

HOUSE BILL 113

HOUSE BILL 270

HOUSE BILL 157

HOUSE BILL 98

HOUSE BILL 201

HOUSE BILL 46 was passed unanimously with recommendation to pass the original bill. Amendments by Loc. Gov. not approved.

HOUSE BILL 276,⁷ Pupil Transportation, which originated in the House Finance Committee, was reported out of committee.

HOUSE BILL 289 was assigned to Mr. Sassara and Mr. Sackett for further study.

Adjournment: The meeting adjourned at 5:20 p.m.

HOUSE FINANCE COMMITTEE MEETING

March 24, 1967

8:30 a.m.

Present: All members were present except Mr. Haugen who had been excused; and Mr. George MacClanahan, Commissioner, Public Works, and Mr. Tracy Kaldor, Administrative Director, and Budget: Mr. Freer, Budget & Management.

Office of The Comr.: Personal Services: Mr. Strandberg questioned the request for a Secretary I for 1 month, which had been deleted by the Budget Review Committee. Mr. Freer said he felt the department could absorb this in their total budget.

Contractual: The figure under 340 -- Repairs, Services & Alterations -- of \$8700 (\$8500 was denied by Budget Review Committee) requested by the department was discussed. Mr. MacClanahan said the building that Public Works is presently in is not only terribly overcrowded, it was originally apartments and converted into offices. The \$8,000 request under Contractual Services is the amount needed to convert this building back to the original. Mr. Strandberg asked where Public Works plans on moving. Mr. MacClanahan replied that he had been looking for a place since his arrival in Juneau and had not yet come up with anything that was large enough. He said that Waters & Harbors Division was in the Goldstein Building, the Buildings Division was in the Capitol building, and the balance of the department was crowded into the Olsen & Sand Building. He said the lease is up in November and the owner has agreed that if they haven't found anything, they could operate on a monthly lease. In answer to a question on the owner, Mr. Freer said it was owned by Senator Engstrom.

Aviation:
Program
Adminis-
tration:

Mr. Strandberg brought up the subject of the car rental space in the Anchorage International Airport. He read a letter concerning this which criticized Mr. MacClanahan's attitude on the new contract leases. Mr. MacClanahan told the committee when he first received word on this, he had written to the car rental agencies involved (Hertz, National, Budget, and Avis) and invited them to come to Juneau to discuss this problem. He said he had never heard one more word from anyone but the invitation is still open. Mr. Strandberg asked for an analysis of estimated income under the old contract and the same for the new proposed contract. Mr. MacClanahan said he would furnish the committee with this information. Mr. MacClanahan added that Budget had signed the new contract, but it was the other three companies that are unhappy with it. He said these rental cars are a necessity but they must pay for their share, the same as the airlines must pay their fees.

Mr. Borer asked if any of the airlines had large outstanding bills with the state. Mr. Kaldor said Alaska Airlines has one that is about four months behind. There was also a discussion on Interior Airlines and how they are paying off an old bill but managed to get out of paying all of it. Mr. Strandberg told the Commissioner he wanted a list of all overdue accounts. Mr. MacClanahan said they have a monthly report on all of these accounts with all of the airlines at all of the airports.

Contractual: There was a discussion on the Airlines Manual, and Mr. MacClanahan said unless it is kept up to date it is useless. He said the Airmen's Guide takes care of most of these airports.

Equipment: Mr. Freer said the reason this was cut was because the equipment

Airport
Operations:
Chief
Aviation
Operation:

was for the position that was deleted from personal services. Mr. MacClanahan said the general maintenance of these airports is falling behind all of the time. He said one of the problems is with the intermediate airports because they are isolated. Northway airport was discussed and other airports that had been taken over from the federal government.

Mr. Strandberg told the commissioner that the committee is aware of many of the problems on these intermediate airports.

Mr. MacClanahan mentioned Ninilchik had not received any maintenance last year and they were asking for \$3,500 for it for this year, though he was hopeful it wouldn't take that much, but he wouldn't know until they got started on it.

Trunk &
Secondary:
Personal
Services:

Mr. MacClanahan said they needed the Building Management Specialist (which was deleted by the Budget Review Committee) because of the maintenance work which must be done at these various airports such as Cold Bay that they have taken over from the Federal government.

Mr. Strandberg said this is one of the programs that has bothered him the most because the Aviation Division does have the additional burden now of these airports, and he wanted to make sure that any cuts made in this area were not just a general budget cut. Mr. Freer said this was a specific deletion of a position.

Travel:

Mr. MacClanahan said the increase in travel was of course related to the new airports they have acquired. He said he has noticed since he had become commissioner that these people in the Anchorage office have not been traveling to see these new airports and he wants them out in the field, working

and overseeing these operations, rather than sitting at their desks in Anchorage.

There was a discussion about one employee and complaints on his traveling too much. Mr. MacClanahan said he had a large file on this particular person and he felt it was not the man's fault. The former director said this was his doings, the man was sent out to check on these airports, and it was just poor organization and management of his time that kept him away.

Contractual: Mr. Freer said this was a 10% increase over the current year, but a \$41,000 cut from the department's request. Mr. Strandberg noted that the aviation fuel tax does not begin to support this program so it has to be funded from the general fund.

Commodities: Mr. Freer said this was a 20% increase over the current year. Under item 440, Mr. Strandberg asked for a justification of this item, which is fuel (for heating). Mr. MacClanahan said this item is for heat for the new buildings at these airports. Mr. Freer said they would take a second look at this fuel item and report back to the committee.

Grants,
Claims, etc: Under this category, Mr. Freer said if the improvement is minor and under \$5,000, they put it in the operating budget; these are minor capital improvements as opposed to maintenance programs.

Recess: Meeting recessed until 1:30 p.m.

1:30 p.m.

Meeting: The committee met with all members present with the exception of Messrs. Ray and Sassara.

Messrs. Kaldor and MacClanahan were present for Department of Public Works and Mr. Freer was present for Budget and Management.

Public Works: Division of Aviation, Maintenance and Operations, page 91 of the workbook was discussed.

Commodities: In connection with item 440, Mr. Strandberg said that these figures must be based on actual operations. Mr. Kaldor said that ^{the} Kotzebue building isn't finished yet, so there would not be any experience here to base any figures on.

Item 457, culverts, was discussed; Mr. Strandberg asked why the expensive culverts were here. Commissioner MacClanahan noted that Chignik Lagoon really did have a water problem.

Intermediate Airports:

Reference was made to a memorandum dated March 8, 1967 from Budget and Management, which reinstated one position in Yakutat, in the amount of \$9,984, line 23 on page 104. This position is tied to reimbursable funds.

Mr. Sassara and Mr. Ray entered at this point.

In reference to the Department's request for Intermediate Airports of \$789,400 it was established that Budget Review cut it down to \$613,700 and then recommended the addition of the (\$11,100) Yakutat position, which made the total figure \$614,800.

Mr. Strandberg asked Mr. Freer why they had ~~turned~~ them down Public Works' request for an increase even though a supplement had to be put in for this year.

Mr. Freer explained that \$106,000 was added by Executive Order, plus the supplement of \$153,000; added to \$374,000 made a total of \$633,200 that was authorized for this year.

Mr. Freer explained that there had been positions requested, and when they took a look at the supplemental they noticed that there were no increases in the amount of reimbursable receipts for King Salmon and Galena and there was no increase in work that was to be done on reimbursable work in these 2 areas.

In answer to a question from Mr. Borer, Commissioner MacClanahan answered that King Salmon and Galena brought in \$108,000 in Air Force Receipts.

At this point Mr. Strandberg referred to a letter from Larry Johnson, and stressed that this maintenance area is one of the most critical areas.

Mr. Borer discussed the situation in Cordova and asked why the Highways couldn't take over the maintenance on the airport and Commissioner MacClanahan agreed that there is no point in having two maintenance crews doing the same thing.

Jet Aircraft service was discussed, in connection with the intermediate airports.

The committee's discussion centered around personal services again and it was explained that the current program for the Intermediate Airports is based upon \$632,400 with 22 full time people and 18 parttime positions. This is the basis upon^{which} they have been going for this year, since the supplement came through.

At this point there was a general discussion on the current program concerning personnel on the supplement and on the regular budget. Mr. Strandberg said that it looked like Aviation had submitted a budget to Public Works, and Public Works cut them back. Mr. Freer

said the casual labor was cut \$40,000; the overtime was cut \$20,000 totaling \$60,000 cut.

However, Freer said, they left in some positions that looked like they were needed for King Salmon and Galena, when it didn't look like there was an increase in the program.

Commissioner MacClanahan said they do need the overtime and casual labor, but in his opinion there was no connection with the positions that are needed in King Salmon and Galena with the cut in this budget. Jet Service was brought up again and the Commissioner stated that he has received several letters concerning the poor maintenance on the intermediate airports and stressed the fact that if jets start landing, it will even be worse.

Mr. Sassara noted that right now the Airforce should be the only one to complain.

Mr. Strandberg said that maybe the AirForce should be asked to come up with more money for their share on Galena and King Salmon airports. He further stated that in these areas where we have so much pressure, you can't cut down on the maintenance, or else you will have to come in with a supplemental.

Mr. Borer noted that we are doing work for the FAA in Cordova, but are not getting fully reimbursed for all of it that is done.

Messrs. Ray and Strandberg left at this time.

Commissioner MacClanahan stressed the importance of reinstating the full \$789,400 and the letters of March 13, 1967 were discussed.

In regards to a supplemental, if needed, Mr. Borer said that it largely depends on the weather, snow removal on the air fields. He noted that last year in Cordova, to get the sand, they first had to remove the snow, which raised the costs of snow removal.

Mr. Ray entered at this point.

Messrs. Ray and Sassara left for a Democratic Caucus.

Travel: There were no questions here. The decrease was noted.

Contr. Serv.: This also is a decrease. They weren't spending at the rate to justify any increase.

It was noted that the exhibit "A" sheets were missing from everyone's budget workbook and extra copies were made.

Equipment: The procedure of acquiring equipment was discussed. It was noted that where it is possible, the department contracts out; other equipment is picked up from FAA if it is still useable, and it is transferred to Highways and rented back to Public Works on a dry-rental basis. The charge by Highways of \$60,000 to the Division of Aviation was noted by the Commissioner of Public Works at this time, and he noted that in addition to this there will be another \$68,000 charged for highway equipment. This information was received after the memo was written concerning the first \$60,000.

Commissioner MacClanahan stated that it is their idea to have charged to them only equipment peculiar to Aviation, no highway equipment.

Glen Huff from Budget and Management entered at this point.

Mr. Free stated that the current figures for the Intermediate Airport at the present time, as of February 28, 1967, were as follows:

\$172,000 in Contractual services at that time,
out of a total appropriation of \$282,000

It was noted that money will have to be put into Personal Services. A committee member noted that they were working within the total amount appropriated for this year in contractual services. However, the Commissioner said that they were out of money until the supplement came through.