

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2464

AFTER RECESS
3:55 p.m.

After the recess, Mr. Strandberg had the members of the committee report the progress on the bills they have been assigned.

HOUSE BILL 65 (Fire Advisory Board) Mr. Haugen said that a resolution with information was in the file, but that they don't want the bill until the sixth session.

HOUSE BILL 86 (School tax - changing name) Mr. Borer said this bill is being held in committee.

HOUSE BILL 100 (Providing voters' pamphlets) Mr. Haugen said that all the information is in the file, and that the cost would be between 50 and 150 thousand dollars, depending on which information is used.

HOUSE BILL 130 (Physical therapists - licensing) Mr. Sassara is still researching this bill.

HOUSE BILL 371 (Per diem - state employees) Mr. Ray said that this bill had been tabled, as its cost is \$600,000.

HOUSE BILL 383 (Providing for college expense deduction - state income tax) Mr. Ray said that the cost of this bill would be between forty and fifty thousand dollars.

HOUSE BILL 384 (Time & cost of motor vehicle registration) Mr. Sassara is still researching this bill.

HOUSE BILL 407 (International Airport Revenue bonds) Research is still being done and testimony being heard on this bill.

HOUSE BILL 414 (Native housing appropriation) This bill is still being researched by Messrs. Strandberg and Ray.

HOUSE BILL 423 (Certain appropriations for claims - prior years) Mr. Strandberg said that Mr. Sackett has informed him he is ready to present this bill to the committee.

HOUSE BILL 424 (Appropriation - Health & Welfare) Mr. Borer said that the Department will be coming to testify, and that the bill is all ready.

HOUSE BILL 425 (Appropriation - Highways) Mr. Strandberg reported that Mr. Sackett is getting two different stories on this bill -- one from the Department of Highways, and one from the Department of Administration, and so he is trying to find out which is correct. Mr. Freer of the Department of Administration will be meeting with the Department of Highways next Monday.

HOUSE BILL 426 (Appropriation - Fish and Game) Mr. Sassara has not yet received all the information he has requested, and so is still researching the bill.

HOUSE BILL 427 (Appropriation - Department of Law) Mr. Ray reported that all the information was received yesterday (2/15/68) and that the bill is ready at any time.

HOUSE BILL 432 (Contributions required by Federal Insurance Contributions Act) Mr. Sackett is ready to report on this bill.

HOUSE BILL 442 (Public school attendance areas) This bill has not been assigned.

HOUSE BILL 457 (Abolishing Agricultural Pest fund) Mr. Sackett is ready to report on this bill.

HOUSE BILL 459 (Bonds as legal investments) This bill has been tabled by the committee.

HOUSE BILL 472 (Legislators' travel pay) Mr. Haugen said that this bill is being held.

HOUSE BILL 480 (Incentive pay - property damage by 1967 flood) This bill, assigned to Mr. Miller, has been discussed in committee, but due to the very divided opinions of the members, is back in the files.

HOUSE BILL 488 (Hunting and fishing licenses - disabled veterans)

This bill has gone back to the subcommittee for more study. It is ready to report out, but is being held because the extent of disability has not been defined. Although a cost figure is reported, it is based on the total number of veterans, with no breakdown by degrees of disability.

HOUSE BILL 500 (Appropriation - Department of Revenue) Testimony is still being taken on this bill.

SENATE BILL 88 (Public school foundation) Mr. Ray said the approximate cost on this is \$100,000. It is likely, however, that this bill will be joined with SB .7, the cost estimate for which is \$1,663,060.

COMMITTEE SUBSTITUTE FOR SENATE BILL 125 (Fiscal notes) Messrs. Borer and Haugen are still researching this bill.

SENATE BILL 183 (Sec'y of state conduct poll on pre-registration) This bill is being held.

COMMITTEE SUBSTITUTE FOR SENATE BILL 184 (Criteria - regional high schools) This bill is being held pending talks with the BIA.

SENATE BILL 202 amended (Board of welding examiners) Mr. Sassara said this bill should be ready to report out in a day or two.

SENATE BILL 203 (Contents of ballots in bond issues) Mr. Strandberg is discussing this bill with Senator Phillips.

Mr. Strandberg adjourned the meeting until 9:00 tomorrow morning.

HOUSE FINANCE COMMITTEE MEETING

February 17, 1968

1:30 p.m.

Present: All members were present except Mr. Sackett who had been excused.

HB427 It was moved and unanimous consent was asked that HOUSE BILL NO. 427 (appropriating Department of Law -- supplement \$80,000) be considered by the committee. There being no objection it was so ordered.

Mr. Strandberg asked the subcommittee of Messrs. Miller and Ray why Department of Law needed this supplemental. Mr. Miller said for the reason that they had spent more money than they were allocated, some of which was justified and some which was not. Under special litigation, Mr. Miller said they have spent (or contracted out) through January 31 approximately \$44,000 (special bill file has list of firms hired under this) and are \$10,000 overspent.

Mr. Ray said he thought on the travel appropriation that many of these trips could have been better coordinated. Trips on land claims had been made to Seattle, San Francisco, New York, etc., but then separate trips were taken to these same places on other business.

Mr. Ray made note of the fact that one member of the staff of the attorney general's office had traveled 140 of the 190 days he had been on the payroll, collected 15% of the entire travel budget for law. When questioned on the identity of the person, he said it was the Attorney General. Mr. Ray felt that \$10,000 was all they needed in this portion of the supplemental, rather than the \$35,000 they requested. Mr. Borer questioned the various vouchers made out to B. M. Friends Bank, and the subcommittee did not know the reason for them.

On a question concerning the \$80,000 figure for the supplemental, it was brought out that Mr. Boyko had requested \$120,000 and that the Governor had cut it down to \$80,000.

On the item for the case against the dentist in Anchorage, Mr. Miller explained that the reason for the \$15,000 was that it was an unusual case, needed a change of venue and would require expert witnesses. He said in any malpractice case, expert witnesses were extremely expensive. Mr. Sassara pointed out that any case that ended up in the Attorney General's office was unusual and he couldn't see why this one was that much different. Mr. Ray thought the \$15,000 could be cut to \$10,000.

On a question concerning personal services, Mr. Miller said the Attorney General is fully staffed so there will be no lapse this year.

Concerning the request for \$3,000 for increased rent, it was explained that \$2,000 was needed for Ketchikan because they had to leave the Federal Building, and the other was \$1,000 for Nome. The AG's office had originally shared the rent but they had lost the other tenant and thus the deficit. Mr. Ray felt the Nome office could find it in some other part of their budget and that \$2,000 for Ketchikan: *was allowable.*

On the request for \$2500 for witness fees there was a brief discussion concerning Chief Justice Nesbott and Mr. Ray felt that \$2,000 would be adequate for this request.

Under telephone and postage, the authorized amount was \$25,200 and as of December 31, they had spent \$21,132, which left a balance of \$4,068. Mr. Miller said they asked both the Attorney General and the Deputy Attorney General why they had allowed this to happen,

and they both stated that there were many things that could not be handled by letter and simply had to be done by long distance. Mr. Sassara pointed out that he thought they were going to have to learn to live within their budget, and if other departments behaved in this manner, there would be utter chaos. Mr. Ray thought that \$2500 was enough to finish out the year, rather than the \$8500 requested.

Mr. Strandberg asked about the last year's appropriation and Mr. Ray quoted the following figures:

\$24,500	--	65-66	FY
22,550	--	66-67	FY
28,200	--	67-68	FY

Consumer fraud was discussed and it was pointed out that there had been little activity in this field in the Attorney General's office previous to this year but it was felt that the state needed to become active in this.

The committee then discussed Mr. Boyko's trips to Los Angeles and it was noted that 2 of the trips had been paid for by the state and he had told the subcommittee that he had paid for 6 or 8 trips himself. He had given an adequate explanation of his two trips to Los Angeles on state business and the subcommittee passed this information on to the committee. On his trip concerning the Panam Petroleum versus Shell case, Mr. Sassara wondered why these people didn't come to Juneau instead of Mr. Boyko having to go to them. Mr. Miller pointed out that the money for travel is about 3 to 1 for inside travel versus outside.

Mr. Strandberg asked why the expert on land claims in Washington, D. C. had been dropped for one in Los Angeles. Testimony on this was considered off the record. Mr. Sassara reminded the committee that at the time Mr. Boyko was appointed, the Governor claimed they would get an expert on land claims, or in other words, two

for the price of one, so he wondered why they needed a land claims expert at all.

Mr. Strandberg announced that Mr. Boyko would appear on Monday morning at 8:30 a.m. to testify on this bill.

SB 138

It was moved and unanimous consent was asked that the committee consider SENATE BILL NO. 138. No objection so ordered. It was moved and unanimous consent was asked that the committee adopt HOUSE CS FOR SENATE BILL NO. 138 in lieu of 138, and recommend it "do pass." There being no objection it was so ordered.

Meeting adjourned at 3:00 p.m.

HOUSE FINANCE COMMITTEE MEETING
February 19, 1968
8:30 a.m.

Present: All members of the Finance Committee were present, along with the Attorney General, Edgar Boyko, and Kent Edwards, Deputy Attorney General. Also present were Senator Brad Phillips, Mr. Don Smith, and Gerry Bowkett, Anchorage News.

HB 427

HOUSE BILL NO. 427 (supplemental \$80,000 Department of Law) was again up for consideration by the Finance Committee. Mr. Boyko was asked to explain the \$35,000 request for the Lower Cook Inlet case. He said it was a case with the federal government involving, according to Natural Resources, \$1 billion or up in revenue, if the state can establish title to this land. He said the federal government is pressing to bring this case to trial and the state is not anywhere near prepared. He said they have a good man (outside counsel) working on this but one man could not handle the entire case, but that in any event they would try to start phasing out his services, but it would be according to the way things develop. He pointed out that the expert witnesses that would be needed in this case would be very expensive as there are only 4 or 5 people in the United States capable of testifying on this, so witness fees would be extremely high. He said the reason for the substantial request is that they are behind in their work on this case and if the federal government asked to have it tried now, they are absolutely unprepared for it. Mr. Strandberg asked if there was any money in last year's budget for this and Mr. Boyko said no. Mr. Ray asked if this was more important than consumer fraud, and Mr. Boyko said it is certainly more important to the state in terms of money; however, he felt that consumer fraud was an area that had not been properly serviced and

that it definitely should be pursued. He cited an example of a case in Fairbanks recently where a car dealer had been selling flood-damaged trucks as new ones and they had to act in a hurry to prosecute him.

Lael Morgan (Fairbanks Jessens) arrived.

Returning to the subject of the Lower Cook Inlet Case, Mr. Boyko told the committee he had not been apprised at the time of becoming Attorney General of the urgency on this, nor how far behind they were on the preparation for it. Mr. Ray asked when they would be prepared, and Mr. Boyko estimated that it would be about three months. He said he had hired two men to work on this case and had sent them to Texas and Louisiana to investigate similar cases. He said experts in this field have told him that Alaska's case is the strongest among those states involved in similar litigation. With reference to the \$15,000 request for the Dr. Smith (Anchorage dentist) case, Mr. Strandberg asked why they needed so much more for a case that was fairly routine. Mr. Boyko pointed out that to date the investigation had ranged over four states and that in all probability it will spread even further. He said it was a tremendously difficult case because to convict a professional person of negligent homicide takes expert witnesses, and because of its difficulty he planned to handle the case in court himself. He said the man has killed five people in recent years and will continue to practice if he is not stopped. In answer to a question by Mr. Ray, Mr. Boyko said they could only try him for two of the five deaths -- the other three are beyond the statute of limitation. He said, in summary, this case is beyond the normal homicide case and will of necessity be extremely expensive.

Ward and Virginia Sims (AP) arrived.

Mr. Ray asked him if there wasn't some way that his office could coordinate some of the travel on this case with others so that a person going east could handle several different matters. Mr. Boyko said he rarely took a trip that he didn't take care of several things and they attempted to coordinate as much as possible but in homicide cases there was no way to them them. Also, it was the District Attorney's office that handled this, and they didn't handle other matters for the Attorney General's office. In answer to a question, Mr. Boyko said they were planning the Smith case to go to trial in March.

On the \$3,500 request for additional rent for the Nome and Ketchikan office, Mr. Edwards explained that they had been fortunate to have rent-free quarters for many years in Ketchikan and consequently last year's budget review committee deleted funds for this purpose. Now they are being billed for rent with no appropriation to cover it. In Nome, he said the situation was a bit different. They had been paying \$140 a month but the least read that they could break it with 30 days' notice and this happened. Since rental property is very scarce in Nome, they had to find space at a much higher rate.

Senator Brad Phillips left the meeting at this time.

Referring to the \$2,500 request for jury fees, Mr. Edwards explained to the committee that they had a total appropriation of \$45,000, and they divide this amount among the various offices on a percentage basis, and by projecting out the need for the balance of the year, they will have to have the \$2,500. Mr. Boyko noted that Judge Nesbett is authorized to change the fee at any time and he had notified Mr. Boyko that he intended to increase the amount by about three times the present fee. Mr. Boyko said he made a commitment to the Chief Justice that he would ask the Legislature for this

additional amount if he (Judge Nesbett) would not increase the fee at this time. Mr. Edwards pointed out that they had originally asked for \$15,000 but the Governor's office had cut it to \$2,500. With reference to the \$10,000 request for professional services, Mr. Boyko said they were originally given \$35,000 in the 67-68 FY budget but need this additional \$10,000 to complete the fiscal year. Mr. Edwards said he had checked with the bookkeeper and in the past they had the Governor's contingency fund along with their own appropriation. Mr. Ray quoted figures from previous years and noted that there had been an increase of \$47,000 for professional services. Mr. Edwards said as he understood it they had \$100,000 for this in last year's budget. Mr. Strandberg told Mr. Boyko and Mr. Edwards to document these figures and present it to the committee so that there would be no misunderstanding. He said there was nothing new about hiring outside law firms and he wanted to be sure they were comparing the same items.

Senator Brad Phillips returned, and Senator Lewis arrived. With reference to the item for the firm of Boyko and Simmons, Mr. Boyko said that was work he had done for the state prior to his becoming Attorney General. On the \$3,500 for the watershed case, Mr. Boyko said this was an emergency situation and the staff could not handle it. Mr. Strandberg asked that the Attorney General's office furnish the committee with a breakdown of the consumer fraud expenses. Mr. Ray questioned Mr. Boyko on hearings held for the ABC board and wondered why these weren't charged back to them. Mr. Boyko said ABC had no funds for this and that is why they paid for it. On questioning about Michael Rodberg, an attorney who had done work on the land claims, Mr. Boyko explained that Mr. Rodberg did work for his (Boyko's) Los Angeles firm and had done a great deal of the research at the time Mr. Boyko was employed for this, and he

felt it was a great savings to the state to use this person. In answer to a question on the Washington D.C. law firm that was retained last year for this purpose, he said Donald Burr, the former Attorney General, needed their "expertise" but now that he was the Attorney General, he was an expert on the subject and didn't need them. He also pointed out that when he was hired as special counsel, Mr. Burr had requested him and the Washington law firm to prepare certain documents for the upcoming land claims trial. He had presented his document, and Mr. Burr's plan had been to combine the two; however, when he became Attorney General the Washington firm still had not submitted theirs, so he used his own. He said theirs came in two months after the trial and so he terminated their services. On further questioning about Mr. Rodberg, Mr. Boyko said he was a specialist on legal research and a legal writer of the highest calibre. He had had Mr. Rodberg study and become familiar with everything that was known on Indian land claims and he had spent five to six months full time working on this. Mr. Boyko said after becoming Attorney General he attempted to hire Mr. Rodberg on his staff but Mr. Rodberg was not interested. He said by that time, many things were coming to a head on the land claims and he needed his services. It cost the state about \$10,000 of which he, Mr. Boyko, received nothing personally. He thought it would have been foolish to try to replace a man with his knowledge, and since he would not accept a job with the state, he felt this was the only way he could obtain his services.

Mr. Strandberg noted that when Warren Colver became Attorney General, Mr. George Hayes, (the former Attorney General) was retained to handle certain cases that he had knowledge of, and for the same reason, as he understood it, because he had the "expertise" and it

cost the state less.

Mr. Smith and Mr. Ray left the meeting.

The supplemental request of \$7,000 for telephone and postage was queried, and Mr. Boyco said he spent a lot of time trouble shooting for other agencies, and he now realized that he should have kept track of this and charged these calls back to the agency they were assisting. He said that now that he understands more about the budget he will do this so that hopefully they can live within it; however, he pointed out that many things break fast and oftentimes the only way it can be handled is by telephone. Mr. Edwards said they were finding other ways than always using long distance and also had been able to cut back on high postage by handcarrying heavy items out to the plane and having the stewardesses leave it at the desired airport for pickup.

Mr. Strandberg told Mr. Boyko he wanted the total figure for telephones plus anything in last year's supplement.

Mr. Ray pointed out to Mr. Boyko the fact that 15% of the total travel budget had already been spent by him by the end of December, and that he had been travelling 140 of the 190 days he had been on the payroll. Mr. Ray told Mr. Boyko that he appeared to show no respect for the budget. Mr. Boyko felt that was not a fair statement, and felt it should be one of mutual respect, i.e. that the Legislature can only guess at the needs of this department. He said he loses money on all of these trips - that the \$21.00 a day per diem doesn't cover his expenses. He said he keeps a diary of everything he does on these trips and would be happy to go over it with the committee. He gave a brief description of his trips to Los Angeles, the first one when he cleaned out his files on land claims, and sent them to Juneau, and the second one when he did further work on land claims and also took care of

the Pan Am Petroleum case.

In answer to a question the budget for FY 68-69, Mr. Boyko said he prepared what he thought was an honest budget. However, so many items are unpredictable. Then, he said, the Governor's budget review committee pruned it scientifically, then the next time around, less scientifically, and finally just pruned it, so he feels that there are areas that should not have been cut.

In answer to a question, Mr. Boyko said the new budget is not adequate, and they cannot do the job they should with this budget. Mr. Strandberg cautioned Mr. Boyko on discussing problems in the FY 68-69 budget - that he should clear these things with the Governor.

Meeting recessed at 10 a.m.

HOUSE FINANCE COMMITTEE MEETING
February 20, 1968
9:00 a.m.

Present: All members of the committee were present, except Mr. Sassara.

HB 427

It was moved and unanimous consent was asked that HOUSE BILL NO. 427 (Department of Law supplemental -- \$80,000) be considered by the committee. No objection so ordered.

Mr. Miller moved and asked unanimous consent that the bill be reported out at \$80,000. Mr. Ray objected. Mr. Miller amended his motion to \$75,000. Mr. Ray moved and asked unanimous consent that it be amended to \$40,000. His motion was defeated 1-5. Mr. Miller's motion for \$75,000 was then voted on and passed 5-1. The bill was voted out of committee with 5 "do pass" recommendations and 2 "do not pass unless amended to read \$40,000". Mr. Sasaara arrived at this time.

423

It was moved and unanimous consent was asked that the committee consider HOUSE BILL NO. 423 (appropriations for claims arising in prior years). There being no objection, so ordered.

Mr. Sackett gave an explanation for each of these claims (see bill file) and offered the following amendments to the bill:

Line 25, delete "Labor" and insert "Revenue".

Following line 28, add new section reading:

Sec. 7. The sum of \$358.00 is appropriated from the general fund to the Department of Fish and Game for loss of personal equipment in an accident.

Renumber next section accordingly.

It was moved and unanimous consent was asked that the above amendments be adopted. No objection so ordered.

It was moved and unanimous consent was asked that HB 423 as amended be reported out with a "do pass" recommendation. No objection so ordered.

HB 432

It was moved and unanimous consent was asked that HB 432 (relating to contributions required by FICA) be considered by the committee. No objection so ordered. After very brief discussion it was moved that HB 432 be reported out with "do pass" recommendation. No objection so ordered.

HB 457

It was moved and unanimous consent was asked that HOUSE BILL NO. 457 (abolishing agricultural and pest control fund) be considered by the committee. No objection so ordered. (See letter from Governor) It was moved and unanimous consent was asked that HB 457 be reported out with "do pass" recommendation. No objection so ordered.

Bill
assign.

Mr. Strandberg made the following bill assignments:

SENATE BILL NO. 237 (Persons exempt from paying school tax)--
Mr. Haugen

HOUSE BILL NO. 437 (Abolishing Vocational rehabilitation fund) --
Mr. Haugen

HOUSE BILL NO. 534 (State's contribution to employees covered by group health) -- Mr. Borer

HOUSE BILL NO. 422 (Increasing state minimum salary schedule for teachers) -- Committee of the Whole

Mr. Strandberg said that a representative from Department of Education would be requested to testify before the whole committee on HB 422.

The meeting recessed at 10:00 a.m.

HOUSE FINANCE COMMITTEE MEETING
February 21, 1968
8:45 a.m.

Present: All members of the House Finance Committee were present.
Also present were Messrs. Louis Dischner and Duane Carlson.
Chairman Strandberg opened the meeting.

SB 202 am Mr. Sassara moved and asked unanimous consent that SB 202 am (creating a Board of Welding Examiners) be considered by the committee. There being no objection, it was so ordered.
Mr. Sassara said that Senator Lewis is coming up to discuss this bill with the committee. It was Mr. Sassara's understanding that Senator Lewis was the actual author of the bill, although it indicates it came from the Commerce Committee. Mr. Sassara said that Mr. Carlson and Mr. Dischner would talk to the committee regarding the necessity for this legislation. Mr. Sassara said that there is a definite need for passage of this bill. He said there is need for a system to certify welders on the basis of a test by the state and the welder can then pack a card and move from job to job without having to be recertified. Now he is certified on a particular job and when he changes contractors he has to be recertified. Mr. Sassara felt that creating a Board of Welding Examiners can alleviate this problem.

Senator Lewis entered the meeting at this time.
Mr. Carlson said that the need for this legislation is felt very strongly, particularly in the Anchorage area. He explained that it is often necessary for a contractor to bring one of his men in from an outlying job, at considerable expense, because there is no one available with proper certification. One agency will not accept the certification of another agency.

He said that the Corps of Engineers has one man who gives certifications and it has become too much of a burden, not only on the Corps, but also on the employers and the employees. Mr. Carlson felt that a test rigid enough to be acceptable to the Corps and to the trade would be the answer to the problem.

Mr. Sassara said that he is in favor of the bill; however, there were several points that needed clarification. He mentioned specifically staffing for maintaining records, certifying examiner and travel and per diem for members of the Board. There was considerable discussion on these points. It was brought out that the proponents of the bill had not wanted any money set up for travel and per diem. It was not felt that it was necessary for all members of the Board to travel to all areas to set up testing centers, but that one member could go into an area to inspect the shops, be sure the shop owner could give the tests and give the shop owner the necessary regulations for testing applicants.

In reply to a question by Mr. Miller on whether they thought the Board would function as well without per diem and travel, Mr. Dischner said that he felt it would as it is something which is going to be helpful to their industry. He cited other Boards and the excellent job they are doing without travel and per diem allowances.

Mr. Borer asked if there is a welders union and received a negative reply.

Mr. Miller asked who was going to submit the names to the Governor for appointment to the Board. Mr. Dischner said the Alaska Chapter of the American Welding Society.

There was further discussion on revision and clarification of the bill. Mr. Strandberg requested that the entire section regarding per diem and travel be deleted. It was also requested that the section relating to term of office be rewritten to set up definite pattern of staggering the terms of the Board members.

Mr. Sassara said that the cost for this bill will be minimal--some administrative costs in the Department of Commerce for record keeping.

Mr. Sassara stated he would have the amendments prepared as requested and moved and asked unanimous consent that SB 202 with proposed amendments be reported out of committee with a "do pass" recommendation. Objections were heard.

Mr. Ray moved and asked unanimous consent that SB 202 am be returned to the subcommittee to be rewritten and returned to the committee as rapidly as possible. No action taken. It was the decision of the committee that Mr. Sassara would have a Committee Substitute drawn with all amendments proposed in the bill and returned to the committee for action.

SB 237

Mr. Haugen moved and asked unanimous consent that SB 237 (relating to persons exempt from paying the school tax) be considered by the committee. There being no objection, it was so ordered. Mr. Haugen read a letter from Mr. Morrison, commissioner of Revenue, relative to this bill. Mr. Strandberg brought it to the committee's attention that this matter had been acted on during the Special Disaster Session and the bill was returned to the file.

HB 437

Mr. Haugen moved and asked unanimous consent that HB 437 (abolishing the Vocational Rehabilitation Fund) be considered by the committee. Mr. Borer moved and asked unanimous consent that HB 437 be reported out of committee with a "do pass" recommendation. There being no objection, it was so ordered.

Assign-
ment of
Bills

HB 422

Mr. Strandberg said that although they would work on the bill as a whole committee, he was assigning Mr. Miller and Mr. Ray to do the research on HOUSE BILL NO. 422 (increasing the State minimum salary schedule for teachers).

Mr. Strandberg announced that the committee would continue review of the Department of Health & Welfare budget this afternoon at 1:30 p.m.

Meeting adjourned 9:45 a.m.

HOUSE FINANCE COMMITTEE MEETING
February 21, 1968
1:30 p.m.

Present: All members were present except Mr. Miller. Mr. Scott McDonald, Commissioner, Health and Welfare, and Mr. Richard Branton, of Youth & Adult Authority were present to testify on HB424 HOUSE BILL NO. 424 (Health & Welfare Supplemental).

Mr. McDonald presented a written report on the supplemental questions asked by the committee members during the reading of the report are inserted in brackets.

TO: The Honorable Harold Strandberg
Chairman, House Finance Committee

FROM: J. Scott McDonald, Commissioner
Department of Health and Welfare *JS*

DATE: February 16, 1968

Following our brief meeting of one week ago, the staff of this Department and myself have endeavored to pull together more meaningful information pertaining to the request for additional State funds to provide for the continuation of welfare programs this fiscal year and to allow for the staffing and opening of the McLaughlin Youth Center on or about June 15, 1968.

In a prior memorandum to the Chairman of your House Finance Subcommittee, Representative R. R. Borer, the Committee was advised of the Department's overall request of \$1,194,100, comprised of \$82,500 matching Federal funds and \$1,111,600 State funds, with an offset of some \$311,000 from other activities of the Department. The offset of \$311,000 may be taken from program divisions as follows:

Division of Mental Health	\$201,000
Division of Public Health	50,000
Division of Youth & Adult Authority	60,000
	<u>60,000</u>
	\$311,000

There will be some adjustments to the original request as will be discussed further in the text of this memorandum.

The programs wherein we are seeking additional funds within the Division of Public Welfare are as follows:

1. Adult Public Assistance - You will recall I advised you there were 106 mental patients at Morningside Hospital in Portland, Oregon

of which it was anticipated that 40 to 60 of those patients could be placed in nursing homes in Portland for \$200 per month as compared to a cost of \$521 per month per patient in Alaska. Several items necessitated the moving of patients from Morningside in Portland. These were the completion and staffing of Harborview Memorial Hospital in Vladez and the excessive cost of over \$600 per month to maintain patients in Morningside. This office has on file an audit report prepared by the Audit Division of the Department of Administration pointing out that during fiscal year 1967 the patient rate at Morningside amounted to \$20.95 per day. This compares with a rate of \$7.79 per patient per day when the State first commenced the use of the institution in 1959. Immediately above, you have been quoted a rate of \$200 per month to place patients in nursing homes in the Portland area. This \$200 is taken from the 1967-68 fiscal year budget wherein \$144,000 was requested to place 60 persons in nursing homes. This may be found on form SA 10 under Adult Public Assistance. Instead of placing the 40 to 60 persons in the nursing homes in the Portland and surrounding areas, all patients were removed from Morningside Hospital and brought to Alaska for placement in either API, Harborview, or privately owned nursing homes in Alaska. Of the 106 patients moved to Alaska, 38 have been placed in nursing homes which averages \$521 per month per patient. On an annual basis, this 38 will cost the State \$237,576 whereas in Portland it would have cost the State \$91,200, a difference of \$146,376. Twenty-two of the patients still remain in either API or Harborview or have subsequently passed away. By deducting that portion of the original

appropriations for this group cost (\$52,800) we arrive at a net figure of \$93,576 that will be overspent by the end of the fiscal year as a result of moving patients that would have qualified for nursing homes to Alaska.

The State as late as December 1967 was providing nursing home care for 194 patients. Sixty-one of this total are located in nursing homes outside the State and 133 within the State. Excluding the 38 previously referred to as being placed in nursing homes in Alaska, we have concluded that it is costing the State a total of \$400 per month per patient as an average for both in-State and out-of-State patients. After a careful review of the budget documents for the current year, we find these patients were budgeted at the rate of \$310 per month or a difference of \$90 per patient per month. This average incremental increase will cause the Department to expend \$168,480 more than was originally projected for the remaining 156 patients being maintained. For your information, enclosed is Attachment 1 showing the patient caseload from July 1966 to December 1967. Also enclosed for your information is a study made of nursing home costs outlining the average Alaskan nursing home rates and the out-of-State nursing home rates. This is detailed as Attachment 2. You will note from this study the difference in costs of an out-of-State nursing home as compared to Alaskan facilities is \$322.17 per month. This large differential warrants attention; however, two points should be considered when making reference to this differential.

- a. Patients cannot be forced to accept out-of-State nursing home care. To force the issue, the State subjects itself to a forfeiture of the Federal allowance (\$56.50) received in connection with these patients.

b. A number of individuals throughout the State have invested heavily in this type of facility and would suffer a business loss if the patients were all moved immediately.

[Mr. Sassara asked about federal regulations concerning transfer of patients from one facility to another. Mr. McDonald said that under federal regulation they cannot force a patient to transfer to another facility unless there is no space available. Otherwise, they will lose federal funds on that patient.]

[In answer to a question by Mr. Sackett, Mr. McDonald said the reason these figures are different from the ones originally presented to the committee is because he had only been on the job three days at the time the first memo was written. He said he had used staff figures on the first one, but these were his figures in the one he was now presenting. After discussion of shortage of staff, Mr. Strandberg requested Mr. McDonald to contact the Governor's office and get approval for a supplemental in order to obtain additional help in getting caught up on fiscal problems within the department.]

The third item contributing to this supplemental request results from an increase of grant payments authorized by Chapters 6, 9, and 11 of the 1967 Special Session. For example, during fiscal year 1964 the average grant per case per month was \$68.73, 1965 - \$70.09, 1966 - \$71.36 and 1967 - \$72.33. In November of 1967, the average grant jumped to \$76.00, December to \$78.17, and in January to \$80.43. By Attachment 3 we have detailed for you the new or re-opened cases by districts including the

number of cases that were increased as a result of the above mentioned legislation. At the present time, some 314 cases are receiving an average of \$43.00 more per month for an additional outlay of \$13,502 per month. Projecting this over an 8 month period, it is anticipated \$108,016 will be required over and above present authorization to provide this type of assistance to June 30, 1968.

The last item that contributes to the A.P.A. supplement was a cut of \$69,700 made by the Legislature, evidently based upon the lack of testimony by the Department. The Department projected it would have a total caseload of 1,875, but there was some confusion in the budget documents and it was reasonable for the Legislature to take the action mentioned. However, the caseload since January 1, 1967 has steadily climbed and it is our opinion the average will peak out at 1,905 for the current year. The

Department to meet the needs of this increased caseload is requesting reinstatement of \$65,928 of the total amount cut.

2. For the General Relief Medical Care request, there is very little that I can add to the former memorandum. I hope that you will recall it was pointed out that it would be very difficult to give you additional information. Payments for these types of incurred costs are lagging within our office and accounting information to present a realistic picture to you at this time is not available. The Department is using a procedure of encumbering estimated payments. I have analyzed the amount of encumbrances for the last fiscal year as compared with actual payments and find that they are reasonably

close. With this analysis and taking into consideration increased hospitalization costs, increased physician costs and the fact that the Department received a lesser appropriation than it spent in fiscal year 1967 by \$166,360, I am confident that a supplemental request of \$238,000 is a minimal request and will require close surveillance to avoid over expending. So that you may be aware of the relative accuracy of the encumbrance method, enclosed is Attachment 4.

[In answer to a question by Mr. Sassara concerning the California Relative Fee Schedule, Mr. McDonald said he had written the Alaska Medical Society within a few days of taking over the department about the 15% discount on their fees rather than returning to the California Fee Schedule. He said he had received no answer from them, but understood they were not particularly in favor of the 15% discount. He said the reason he was personally opposed to the Fee Schedule was it meant having a professional person the Health & Welfare staff that had to spend all his time approving the bills. After a brief discussion on advisability of Mr. McDonald arbitrarily setting the 15% discount, Mr. Strandberg said they would take it up at the time they discussed H&W budget.]

3. The Juvenile Code caseload has increased over the years. In 1964, there was a caseload of 560, 1965 - 580, 1966 - 623, 1967 - 637, and during December the caseload climbed to 661, and to date for this fiscal year it has averaged 626 cases per month. By the year end, we anticipate the caseload will average 650. In the budget document a total of \$91.35 per case was approved for a

total of 685 cases. Since the caseload is not anticipated to reach a maximum of 685 but rather 650, this means that authorized funds are available to pay up to \$96.28 per case per month. Currently, the Department is faced with an average case cost of \$122.83 per month or \$26.55 per case per month which is not funded. The \$26.55 per case X 650 cases X 12 months equals \$207,096. The Division is of the opinion that it can absorb \$23,396 in its program therefore only necessitating a supplement of \$183,700. Enclosed is Attachment 5 which reflects the rate it is necessary to pay for foster home care in Southeastern, Northcentral, and Northern Alaska for children, teenagers, handicapped, and those with fierce problems.

[Mr. Borer pointed out to the committee the reason for cutting the figure last year was because they were given a \$75.00 per case figure and they projected the total appropriation on that basis. In answer to Mr. Sassara's query on why the figure had risen to \$91.36 per case, Mr. McDonald said that cost of clothing, medical care, foster homes, etc., had all risen in the past year.]

4. The average cost per child in the AFDC program has changed very little since 1963-64. Over the past years the cost has ranged from \$33.60 to \$34.15 per person per month. On the other hand, the caseload average has increased year by year. For example, in 1964 it increased 113 over the previous year, 96 in 1965, 81 in 1966, and 220 in 1967. For the fiscal year ending June 30, 1967, there was an average caseload of 4,944 eligible recipients. As late as December,

1967, the caseload had increased to 5,153. It is anticipated that this will level off or average out at a total of 5,090 for the year. This will mean that we will be carrying a total of 90 additional persons for the entire year which are unfunded. This number X \$33.85 (average grant) X 12 month necessitates an additional supplement of \$36,600. The State share of the \$36,600 will be \$14,400 and the Federal participating share will be \$22,200.

The Legislature in the last regular session effected a cut of \$29,300 from AFDC program. This cut finally came out of a cut entirely from State funds, whereas the cut should have been applied on a matching ratio formula to Federal as well as State funds. \$17,159 of the amount that should have been cut from Federal funds were in fact taken from State funds. We are asking for a reinstatement of \$17,159 to State funds, but according to my analysis the remaining \$12,143 cut from State funds will not be required as part of the supplemental request.

In the final analysis you may reduce the original request of \$43,800 State funds by \$12,140.

5. For program administration of the Division of Public Welfare, a request has been made for an additional \$70,000 to continue with their staffing program. I am sure that you are aware that in Journal Supplement, House Supplement No. 22 dated April 5, 1967, a statement was included that \$252,000 of the decrease made by the Legislature would be restored by supplemental means if the author-

ized but long vacant positions were filled. The total amount of funds authorized to carry out this program were \$1,117,800 of which \$845,100 was for Personal Services. The Division is presently at 80% of staff capacity. As of January 31, 1968, we have over-expended in Personal Services in the amount of \$22,500. Assuming that we continue to expend Personal Services at the January 1968 rate, we project a year-end deficit of approximately \$48,500. If we are successful in filling all of our existing vacant positions, with the exception of PCN 3-10, for three months, the deficit would be \$110,000, of which \$70,000 would be State funds, and \$40,000 Federal funds. We expect to receive \$30,000 from Administration for the employee salary increase which was effective July 1, 1967. The Division hopes to continue the hiring of personnel as intended to fulfill their program requirements. It is my opinion the \$70,000 requested is a minimal amount to what would appear to be an over extension at the present time plus the few positions that we need to fill out our program.

1. The last item included in our supplemental request was \$200,000 for the McLaughlin Treatment Center in Anchorage. Your subcommittee has been provided with budget sheets outlining anticipated expenditures, and should they or you have further questions in this regard, at your request, the staff will be available to discuss this matter. I would appreciate it very much if the latter matter could be discussed no later than Friday, February 23, as Mr. Branton, who has worked extensively with this budget preparation, will be leaving Juneau for a period of time.

Following the above report given by Mr. McDonald, Mr. Richard Branton of Youth and Adult Authority, McLaughlin Youth Center spoke to the committee. He told the members of the committee that they anticipated housing juveniles by June 15. He said this was in keeping with the schedule submitted last January. Mr. Sassar asked how this fit in with last year's projection. Mr. Branton explained that the original opening date was August 15, 1968 and that the actual opening date for receiving juveniles was October or November of 1968, but they are now five months ahead of that schedule. He said the terms of the contract read that the contractor could request the state to take over occupancy when it was substantially completed and they are now taking over the portion that will be used for storage area. He said they were now in the process of recruiting and then must begin a training program for the staff and be an operating unit before they can accept children, but so far they have no funds to pay a staff. Upon being reminded of the \$43,000 in FY67-68 budget for this purpose, he said this had been used to hire a superintendent, administrative officer and clerical help. Mr. Sassar said he thought the Governor's office should have assisted in obtaining money so they could have started recruiting much sooner. Mr. Strandberg said they were right on schedule, and the intent of the Legislature had been followed. He said if anyone was at fault, it was the Legislature for not providing more than the \$43,000. Mr. Sassar said the only point he was trying to make was that they could have been even further ahead of schedule.

A discussion on purchase of supplies ensued and Mr. Branton told the committee that they put this out on bid on a quarterly basis and buy for APT, Wasilla, Palmer and now the Youth Center at a great savings to the state. In answer to a question, Mr. Branton said they would have an average case load of 75 students throughout the next fiscal year. Mr. McDonald said they are now holding back on certain cases that need longterm treatment; rather than send them out to the states they are waiting for the McLaughlin facilities as they feel they will receive improved treatment.

Mr. Torer asked if this Center would serve the other states as they have served Alaska. Mr. McDonald said that they most certainly would; however, at the present time they were still leaving some Alaska residents in other states so it would not be likely for awhile. He said on certain borderline cases that should not be in APT but are there for lack of any place else to go, they are hoping to transfer these children to the McLaughlin Youth Center.

Mr. Strandberg asked what plans the department was making for expansion of the facility. Mr. McDonald said none at present and Mr. Strandberg advised him that he should look into it immediately because if the bond issue is not brought before the voters next fall, it would be three years before any addition to McLaughlin could be made. Mr. McDonald assured the committee he would review this immediately.

Mr. McDonald told the committee that a fire at Palmer yesterday had destroyed approximately \$150,000 worth of

Fire:
Palmer Adult
Camp

equipment, and he would like to make recommendations about its restoration. Mr. Strandberg said he should take it up with the Governor immediately and come up with a supplemental because if he waits for the regular budget, it would mean July before anything could be done about it.

Fairbanks
Jail

Mr. Miller asked Mr. McDonald about the report of the Grand Jury concerning the jail in Fairbanks. Mr. McDonald said he had received a letter from Judge Hepp, and Mr. Strandberg asked him to supply the committee with a copy of it.

~~Recessment~~ Meeting recessed at 3:00 p.m.

[The following 9 pages contain attachments from the report presented by Mr. McDonald.]

AVERAGE NURSING HOME PAYMENT FOR NURSING HOMES IN ALASKA
AND OUT-OF-THE-STATE

JULY 1966 - DECEMBER 1967

1966	<u>OUT OF STATE</u>		<u>IN OF STATE</u>	
	No. of Patients	Average Cost Per Month	No. of Patients	Average Cost Per Month
July	56	\$ 105.36	80	\$ 402.31
August	55	167.89	85	423.06
September	56	176.60	83	410.70
October	57	172.04	80	429.99
November	61	161.26	85	412.93
December	65	168.82	80	436.89
<u>1967</u>				
January	64	171.05	89	395.51
February	65	160.80	85	379.13
March	65	171.83	88	436.91
April	63	184.78	94	412.25
May	64	174.16	85	419.19
June	64	177.49	89	421.37
July	66	\$ 179.27	93	\$ 520.44
August	63	197.57	107	503.50
September	61	206.98	103	525.88
October	75	210.10	118	532.82
November	72	194.11	118	519.15
December	61	189.15	133	503.05

TO: Secretary of Health, Education & Welfare
Division of Public Welfare

DATE: December 21, 1967

FROM: Richard H. Lohr, Jr.,
Chief, Statistical Services

SUBJECT: Nursing Home Costs

As instructed by the memo from Mr. Lecher's office, a study was made of nursing home costs for patients in homes, within the State of Alaska, and out-of-state.

Cost differentials were obtained for the past fiscal year 1966-67 and for the period through October of the fiscal year 1967-68.

	Average Cost Per Individual Case Per Month	
	Fiscal Year 1966-67	Fiscal Year 1967-68 (4 months)
Alaska Nursing Homes	\$ 414.73	\$ 520.04
Out-of-State Nursing Homes	\$ 188.44	\$ 193.77

Nursing Homes in Oregon and Washington were granted rate increases by their respective Welfare Agencies for welfare patients for this fiscal year. For the most part this amounted to around a dollar a day.

Since Alaska's Welfare has an agreement to pay the going rate that the Out-of-State Welfare Agency pays, our rate increases for our patients. This appears to have raised our monthly cost per patient \$32.33.

The Department of Health and Welfare granted rate increases from \$12.50 per day to approximately \$20.60 per day beginning this fiscal year for nursing homes in the state. This has resulted so far in an average increase of \$100.21 per month.

The average cost difference per month for Alaska nursing homes and Out-of-State homes is:

Average Differential Cost Per Month	
Alaska homes	\$ 520.04
Out-of-State homes	\$ 193.77
Difference	\$ 326.27

It is expected that Out-of-State costs will have increased \$210.60 per month per case.

Average costs for Alaska will increase and all other contracts will be adjusted.

Attached find a table showing the cost by month, and a table of monthly rates for Out-of-State patients.

RHL:ljr

AVERAGE MONTHLY COST PER CASE FOR RESIDENT HOSPITALS IN ALABAMA
 BY MONTH AND YEAR

July 1965 - October 1967

OUTPATIENTS

Inpatient

1965	No. of Patients	Average Cost Per Month	No. of Patients	Average Cost Per Month
July	56	185.36	80	402.51
August	55	167.89	85	423.05
September	56	176.60	83	410.70
October	57	172.04	80	429.99
November	61	161.26	85	412.93
December	65	169.82	80	436.89
1967				
January	64	171.05	89	395.51
February	65	169.80	85	379.15
March	65	171.83	88	426.91
April	63	184.78	94	412.25
May	64	174.15	89	419.19
June	64	177.19	89	421.37
July	66	179.27	93	520.44
August	63	197.57	107	503.50
September	61	206.98	103	525.82
October	75	210.10	113	532.82

Table 11

RESIDENTS

Home	Out-of-State	Rate
Pinehurst Park Royal R.H.		\$12.50 per day
Maya Nursing Home		\$5.90 per day \$6.40 per day
Interlake Manor R.H.		\$8.18 per day \$6.40 per day
Olympic View R.H.		\$8.18 per day \$6.40 per day
Highlands Convalescent R.H.		\$9.18 per day \$6.40 per day
Aurora Estates		\$8.18 per day \$6.40 per day
Emerson Rest Home		\$8.18 per day \$6.40 per day
Ferncrest R.H.		\$8.18 per day \$6.40 per day
Looth Road R.H.		\$8.18 per day \$6.40 per day
Horseshoe Manor R.H.		\$6.18 per day
Pacific Convalescent R.H.		\$12.67 per day
Herri-Vista R.H.		\$275.00 per month
Ideal Nursing Home		\$211.00 per month \$185.00 per month
Highland Convalescent R.H.		\$7.45 per day
Whispering Willows		\$8.50 per day
St. Francis R.H.		\$7.50 per day

NUMBER OF APA CASES OVER \$110

New or Increased During November, December and January

	<u>New or Reopened</u>	<u>Increases</u>	<u>Average Grant, Over \$110</u>
STATE TOTAL	33	291	\$ 153
CENTRAL OFFICE	-	-	
KETCHIKAN DIST. 1	2	30	
JUNEAU DIST. 2	4	34	
ANCHORAGE DIST. 3	11	62	
FATBANKS DIST. 4	3	54	
NOME DIST. 5	5	54	
SEWARD DIST. 6	-	25	
BETHEL DIST. 7	8	21	

Handwritten notes:
 311 cases: 142 new, 169 increased
 13,500 paid out 48 cases \$10,000

GR Medical Encumbrances as Compared with Actual Expenditures

Month & Year	Hospital		Physician		Total GR Medical	
	Paid	Encumbered	Paid	Encumbered	Paid	Encumbered
<u>1966-67</u>						
July	75	52,800	61	12,500	136	75,300
August	14,000	49,400	5,000	12,500	486	75,300
September	32,300	53,500	9,400	12,500	51,500	78,300
October	33,800	53,500	11,500	12,500	56,800	82,200
November	34,300	47,700	11,400	12,500	58,100	73,800
December	66,400	57,400	17,200	12,500	99,600	81,000
January	46,200	53,200	17,300	12,500	75,500	76,700
February	45,400	54,400	22,000	12,500	78,200	77,400
March	51,200	62,000	11,400	12,500	72,700	88,100
April	76,300	59,000	17,900	12,500	108,400	83,800
May	58,100	63,400	24,700	12,500	97,800	90,000
June	55,100	60,400	24,300	12,500	95,900	82,900
*July	28,800		10,300		88,200	
*August	54,600		21,700		<u>95,000</u>	
Total					978,400	964,800
<u>1967-68</u>						
July	500	51,000	00	20,000	500	88,860
August	12,875	52,500	4,000	20,000	19,875	38,925
September	13,333	46,400	4,751	20,000	23,135	83,400
October	52,339	52,200	16,348	20,000	83,282	73,327
November	36,106	59,950	11,312	20,000	<u>72,156</u>	<u>96,630</u>
Total to date					196,998	431,192

* 1966-67 bills paid in first two months of 1967-68

CASELOAD and TOTAL MONTHLY EXPENDITURES
in the JUVENILE CASELOAD
For the Fiscal Year 1964, 1965, and 1966, 1967

MONTH and YEAR	NO. of CHILDREN	TOTAL EXPENDITURE	COST PER CASE PER MONTH	
1963-1964				
JULY	550	\$ 42,468	\$ 77.21	
AUG.	557	44,230	79.41	
SEPT.	552	41,539	75.25	
OCT.	572	52,384	91.58	
NOV.	584	49,895	85.44	
DEC.	554	49,578	89.49	
JAN.	539	49,256	91.38	
FEB.	546	46,405	84.99	
MAR.	556	49,587	89.19	
APRIL	581	50,228	86.45	
MAY	582 Year	50,802	87.29	Year Caseload Avg.
JUNE	553 560	47,584	86.15	Cost = 85.41
1964-1965				
JULY	553	\$ 47,752	\$ 86.35	
AUG.	528	47,958	90.82	
SEPT.	581	54,851	94.41	
OCT.	572	51,981	90.88	
NOV.	580	53,757	92.68	
DEC.	591	50,523	85.49	
JAN.	600	49,760	82.93	
FEB.	600	48,642	81.07	
MAR.	580	53,506	92.25	
APRIL	616	53,306	86.54	
MAY	578 Year	52,832	91.40	Year Caseload Avg.
JUNE	584 580	53,305	91.28	Cost = 88.82
1965-1966				
JULY	578	\$ 49,540	\$ 85.71	
AUG.	627	54,387	86.74	
SEPT.	600	56,650	94.42	
OCT.	624	59,637	95.57	
NOV.	621	58,938	94.91	
DEC.	622	56,261	90.45	
JAN.	607	56,101	92.42	
FEB.	613	57,040	93.05	
MAR.	626	56,416	90.12	
APRIL	625	56,871	90.99	
MAY	622 Year	63,495	92.42	Year Caseload Avg.
JUNE	658 673	62,256	94.60	Cost = 91.87

JUVENILE COSTS

The Juvenile Code workload has remained fairly constant for the years 65-66 through December of 1957. The average increase from 65-66 to 66-67 was 17 percent for a total of 637 juveniles. The workload now stands at 661 and is expected to average 680 for the current fiscal year. This is an increase of an average of 15 percent.

The cost per case is steadily climbing as shown by the table, but the climb has been at a constant rate until a rate increase, effective this past fiscal year.

PER CASE COSTS

	1953-61	\$ 65.43
	1954-55	68.92
	1955-56	91.97
	1956-57	104.77
To Date	1957-58	122.83

In August of 1955 a rate increase was provided for Foster Care, C. C. P.

Rate Increase	Child Care A	Teenager Care B	Handicapped Person C	Serious Problem Person D
Southwest: Old	\$ 75.00	\$ 90.00	\$ 90.00	\$ 90.00
New	90.00	120.00	150.00	180.00
Southwest: F				
Boardman: Old	\$ 65.00	\$100.00	\$100.00	\$100.00
New	105.00	150.00	150.00	200.00

With the rate increase the average monthly costs for the line 1 year increased to \$104.77 from \$91.97.

The full impact of the rates was not felt since the rates were increased only on a case-by-case basis.

A rate increase was provided to certain inmates in July of 1957. The cost is increased as much as the Juvenile Code has in that the rate is up to 100 percent. Special care and medication provided in the type of facilities.

NORTH and YEAR	NO. of CASES	TOTAL EXPENDITURE	COST PER CASE P. R. MONTH
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1966-1967

JULY	648	\$ 57,209	\$ 107.91	
AUG.	630	56,576	107.91	
SEPT.	626	68,167	108.89	
OCT.	619	67,001	108.24	
NOV.	633	68,513	108.24	
DEC.	620	64,944	104.75	
JAN.	631	67,982	107.74	
FEB.	634	64,218	101.29	
MAR.	656	71,366	108.79	
APRIL	653	68,610	105.07	
MAY	652	74,691	114.56	Year Caseload Avg.
JUNE	642	71,619	111.56	Cost = 104.77

1967-1968

JULY	625	\$ 78,712	\$ 125.94
AUG.	623	72,040	115.63
SEPT.	583	67,211	115.28
OCT.	620	79,355	127.99
NOV.	645	85,483	132.53
DEC.	661	79,074	119.63
JAN.			
FEB.			
MAR.			
APRIL			
MAY			
JUNE			

HOUSE FINANCE COMMITTEE MEETING
February 21, 1968
3:00 p.m.

Present: All members of the House Finance Committee were present. Also present was Mr. William Caron, representative of Peat, Marwick, Mitchell & Co. of Los Angeles, California.

HB 500 Mr. Strandberg opened the meeting and said that HB 500 (appropriating \$200,000 to the Department of Revenue--tax study) was to be considered. Mr. Strandberg said he had invited Mr. Caron to appear before the committee to explain a study of this type. He advised Mr. Caron that the State will furnish the funds if the Legislature determines to make the study. The Administration will make the selection of the firm to conduct the study and on how they will operate. The Legislature has never designated the firm which will handle such a study.

Mr. Caron told the group that the committee has a copy of a letter which he had written back in October and this is possibly how he got into the act. About that time Mr. Rettig, former commissioner of Revenue, mentioned that there was a potential need for a tax study, and they discussed in broad detail what it might include. Mr. Rettig had suggested that Mr. Caron write a letter setting forth his ideas. He had complied with the request with the letter dated October 11. The letter was not intended to be a proposal, but merely to clarify thinking on the discussion. Mr. Caron had then received a request from Mr. Rettig for an estimate of the amount of money it would take to make this study and he had submitted one. Mr. Caron said that he had never received a

letter outlining what the Commissioner had in mind, so any variances could be modified.

Mr. Caron then went on to give the committee a more detailed explanation of the points outlined in the original letter.

(Letter on file with HB 500)

After Mr. Caron had completed his presentation, members of the committee questioned him on depth of the proposed study and areas to be covered. He replied that the study would not only be based on the vast amount of data and information available in the State of Alaska, but information and results gathered from the many other states for whom they have conducted such studies.

Mr. Miller asked how long it would take to conduct such a tax study. Mr. Caron said it would take about 9 months-- using April 1 as a target date to start their work, it would be ready to present by the time the Legislature meets next year.

Discussion continued relative to specific and general areas which might be covered in the study. Mr. Caron told the committee that the study should cover all areas of potential tax revenues with recommendations and alternatives to serve the state for several years. He stated that the entire tax structure program should be reviewed and not done on a piece meal basis. He stated that the piece-meal approach would not only be much more costly, the state would still not have a satisfactory tax structure in the final analysis. He said that if his firm was selected to conduct the study, a letter of intent would have to be prepared as they would not work without one.

Mr. Strandberg thanked Mr. Caron for appearing before the committee. Mr. Sassara asked how long Mr. Caron would be in Juneau and was told until Friday, February 23. Mr. Sassara suggested that Mr. Ward of the Department of Administration be asked to meet with Mr. Caron and the committee.

Mr. Caron left the meeting.

CSHB 424

Mr. Strandberg said they would discuss CSHB 424 (appropriating \$1,039,500 for Department of Health & Welfare).

It was found that additional information was needed on this bill and the meeting was adjourned at 4:00 p.m. until 3:30 a.m. tomorrow morning.

HOUSE FINANCE COMMITTEE MEETING
February 22, 1968
8:30 a.m.

Present: All members were present except Mr. Sassara. Mr. Hensley and Mrs. Sims (AP) were also present. Mr. Simpson was present to testify on HB42 (licensing of barbers). HB 42 was discussed but due to confusion over the proposed Commerce Committee substitute and the proposed Finance Committee substitute, Mr. Strandberg directed Mr. Simpson to compare the two bills and when he had the facts to report back to the committee.

Mr. Sassara arrived.

CSHB424 It was moved and unanimous consent was asked that CSHB 424 be adopted in lieu of HB424 (H&W supplemental) and that it be reported out of committee with a "do pass" recommendation. There being no objection it was so ordered.

SB202 am It was moved and unanimous consent was asked that HOUSE CS FOR SB202 be adopted in lieu of SB 202 am (Board of Welding Examiners) and that it be reported out with a "do pass" recommendation. Objection was heard and Mr. Sackett announced he would sign "no recommendation". The majority signed "do pass".

HB 305 It was moved and unanimous consent was asked that the committee consider HB 305 (Mental Retardation Board). No objection so ordered. Mr. Sassara discussed with the committee a committee substitute that he had prepared on this. Mr. Strandberg said he felt they should have Mrs. Banfield, Chairman of Health, Welfare & Education in to discuss it. The committee recessed briefly while awaiting Mrs. Banfield. After Mrs. Banfield's arrival, they discussed differences in the two bills.

Mr. Hensley left the meeting.

Mr. Sassara moved and asked unanimous consent that the committee

adopt CS FOR HB305 in lieu of HB305. No objection ~~is~~ considered.
It was moved and unanimous consent was asked that CSHB305
be reported out of committee with a "do pass." Mr. Borer
objected. The bill was reported out with 4 "do pass"
recommendations and 3 "no recommendation".

Mrs. Sims left the meeting.

Mr. Strandberg made the following bill assignments:

SENATE BILL NO. 276 - (providing for payment of the costs
of administering Homeowners Incentive Act) - Mr. Saasara.

HOUSE BILL NO. 516 (relating to interdepartmental and
interagency services) -- Mr. Borer

HOUSE BILL NO. 599 (appropriating \$3,000 to Thomas E.
Enright) -- Mr. Haugen

HOUSE BILL NO. 601 (relating to state employees group
insurance benefits) - Mr. Sackett

HOUSE BILL NO. 604 (relating to gross receipts exempt
from taxation under Alaska Business License) no assignment.

HOUSE BILL NO. 605 (tax exemptions Sr. Citizens) no assignment.

HOUSE BILL NO. 359 (\$32,000 H&W - registry disabled
children) - Mr. Sackett

Mr. Strandberg said the following bills would not be
assigned: HOUSE BILL 543, HOUSE BILL 489 and HCR9.

HOUSE BILL NO. 491 (amending Teachers' Retirement Act)
- Mr. Miller

HOUSE BILL NO. 356 (increasing amount of assistance to
dependent children) - Messrs. Borer and Saasara.

Recess: Meeting recessed until 1:30.

HOUSE FINANCE COMMITTEE MEETING

February 22, 1968

1:30 p.m.

Present: All members of the House Finance Committee were present. Also present were Captain G. W. Mangan, director of Marine Transportation, Department of Public Works; Richard W. Freer, director, and Gene Smith, of Budget & Management, Department of Administration.

Budget
Review
Department
of Public
Works

Division of
Marine Trans-
portation
Administra-
tion

Code 100
Personal
Services

Mr. Strandberg opened the meeting and said that the committee would go directly to the budget request of the Division of Marine Transportation.

Mr. Strandberg noted the increase which had been requested under this item and the decrease in the Governor's Allowance. He asked Captain Mangan if he wished to discuss this. Captain Mangan explained that the new positions were for an assistant port captain and additional personnel in the Traffic Section for reservations. The reasons for the increase is that business has increased and the increasing number of complaints from the public in past years there is not enough coverage in reservations. The department expanded the teletype service to Tak and a system which would be more realistic and palatable to the public. Disallowing these positions will not allow the expansion of service and the division will have to operate in the same manner as it did last year.

In reply to a question by Mr. Strandberg on why these positions were disallowed, Mr. Freer said that the review committee had followed the general policy and had only funded for salary increases.

Captain Mangan was asked if they hadn't funded for an assistant port captain last year and he replied that it had been for an assistant port engineer.

Mr. MacClanahan, commissioner of Public Works, joined the meeting at this time.

Mr. Ray asked if, without these new positions, there is going to be sufficient lack of service to the public to create a real problem. Captain Mangan replied that it wouldn't create any more problems than they already have.

Mr. MacClanahan stated that under the present system they are only able to utilize about 70% of the deck space. They felt with a full reservations system they would be able to get 95% utilization.

Mr. Ray asked Mr. Freer to explain the position taken by the administration relative to additional personnel. Mr. Freer replied that it was the policy in every possible case that programs would be carried out with present personnel. Mr. Strandberg asked if that meant they had frozen positions at last year's level. Mr. Freer replied that it was so in most cases.

Two members of the committee asked that the record show that this subject will be discussed later by the committee.

Code 200
Travel

Mr. Strandberg asked Mr. Freer what the reason was for reduction in this item over the current fiscal year. Mr. Freer replied that it was primarily in relationship to what was expended in F.Y. 67. In discussion which followed, Captain Mangan explained that the requested increase was due to the new construction going on and that department officials will

have to perform inspection and meet with the shipbuilders. At the time the budget was prepared they did not know where construction would be and it was hard to forecast exactly how much will be needed. Mr. Freer commented that the cut-back had not been based on anticipated lapsing of funds. There has always been a lapse in total funds for Marine Transportation and it was felt that money could be transferred from other areas. General discussion ensued on ability of the division to transfer monies between line items with proper approval. Mr. MacClanahan noted there would not be as much money lapsed this year because of the run between Ketchikan and Seattle which had not been budgeted for in F.Y. 68. Mr. Freer also noted that nothing had been projected for this beyond this fiscal year. In reply to a question by Mr. Sassara regarding why they had not included any money in the budget request for the Ketchikan-Seattle run, Mr. MacClanahan stated that the decision had not been made to go next year, in fact it has not been made yet. Mr. MacClanahan stated that if the decision is made to continue the run and there was not enough money to cover the operation in the budget, they would have to come in next year for a supplemental.

In reply to a question by Mr. Strandberg about why the large increase requested for travel over that granted last year, Captain Mangan stated the new construction anticipated was the biggest reason and also was based on past experience. He noted that this first vessel is being built in Indiana, but at the time the budget was prepared they did not know who the successful bidder would be, but there has to be

inspections and this travel is necessary.

Mr. MacClanahan stated that travel for that purpose should come out of the bond construction money and should not be in this budget. It was brought out that money for this purpose had been included in the bond issue.

Code 300
Contractual
Services

Mr. Strandberg asked if this was just a general cut and Mr. Freer replied that it was a general increase and cut based on the prior year's expenditures. Mr. Ray questioned the large cut in rents and utilities (Code 330). Mr. Smith explained that they had checked with the Division of Supply on actual rental rates now in effect and allowed enough to fund what the division now has in space.

Mr. Strandberg asked if the additional money requested for additional space is now being rented or if more space was going to be rented, and if the amount allowed would be sufficient. Captain Mangan said that his fiscal section had advised that with the cut there will not be sufficient money to cover the 68-69 fiscal year. He had not checked any further than that. Mr. Freer stated that current leases on the basis of space the division now has, had been checked out and funds allowed to cover it.

Mr. MacClanahan said that the request had been partly based on additional space required for the new positions.

Code 400
Commodities

Mr. Strandberg noted that this item was cut back \$1,000 over what was authorized last year. Mr. Freer said the figure was based on a slight increase over what had actually been spent in F.Y. 67. There were no other comments.

Code 00
Equipment

Mr. Freer explained that the majority of this request was cut out as it was new equipment for the positions which were disallowed. They left a small amount, but there was a general reduction as equipment is not re-occurring every year. There were no other comments.

Code 900
Inter-
Agency
Charges

General discussion was held on this item. It was explained that the \$4,000 for duplicating would ordinarily be found under Commodities but was isolated this year as the Department of Administration will have a centralized duplicating service for use of all departments in fiscal 69. The balance of the \$21,000, or \$17,000, is for Data Processing charges.

Recess:

Meeting was recessed for committee members to attend caucuses.

3:00 p.m.

The meeting reconvened at 3:00 p.m. with all members present and the same representatives from the departments of Administration and Public Works.

Mr. Strandberg said the committee would continue the review of the Marine Transportation budget request--page 301.

South-
eastern
Ferry
Operation

Mr. Strandberg noted that there was only an increase of about \$60,000 over last year's authorization. Mr. Freer said that it was just general reductions in the request based on prior years expenditures. The only major reduction was the \$14,600 for the new positions which were not allowed. These positions were for three seasonal assistant terminal operators.

Code 100
Personal
Services

Mr. Freer stated that the only increases allowed were normal salary increases of current positions. No new positions were

approved. Total reduction of request was about \$85,000.

There was considerable discussion regarding this item due to contracts with the unions for operating the vessels. Mr. Strandberg asked what the effect of the cut would be on the budget. Captain Mangan stated they would apparently over-expend Personal Services this year.

It was brought out that additional personnel for ships crews had not been disallowed and the reduction in this area was based on the applied vacancy factor, overtime and holiday factors. In reply to a question by Mr. Strandberg on why the division felt they needed more money this year, Captain Mangan said that previously they didn't budget for some of the maintenance crews they had to have in Seattle, they had got the money from lapses. With the Ketchikan-Seattle run this year, it wasn't known if it would be possible to pick it up this year. They weren't in the budget last year, but are in this year.

Mr. Freer said they had assumed there would be the same pick up as in past years.

Code 200
Travel

In reply to a question by Mr. Strandberg, Captain Mangan said they anticipated no lapses in travel money this year. Mr. Freer said that the allowance was based on what they had spent in previous years. Captain Mangan said that they had not had all the coverage they should have had to the Westward. This is a hard item to forecast because of transfer of crew members, increased manning, and turn-over of personnel.

Code 300
Contractual
Services

Captain Mangan explained that it doesn't look like they are going to run short in this area this year. In reply to a question on why the large increase requested in Code 340, Captain Mangan said that it was mainly that the ships are getting older and require more maintenance and repair.

Mr. MacClanahan stated that there may be some money lapsed in this area this year as they still have \$10,000 for dolphin replacement which they had not had to use as they had only replaced six and were able to get another year out of the rest they had expected to replace.

Mr. Strandberg asked about the large reduction for printing (Code 320) for printing and advertising. It was explained that the majority of this function has been transferred to the Travel Division of the Department of Economic Development.

Mr. Strandberg asked about the reduction in Code 390, Other Contractual Services. Mr. MacClanahan stated that the division had had an analysis made of crew subsistence and found that it cost \$17 per day per man. The budget request is based on \$6 per day. Crew feeding goes into the Stewards Department.

With regard to the Central Garbage Disposal Units which were added to Code 340, Captain Mangan explained that they were running into trouble in this area as it is now against federal regulations to dispose of garbage in coastal waters and it is necessary to come up with some way of handling it.

Code 400
Commodities

Mr. Strandberg noted that this item had been reduced about \$30,000 from what had been authorized last year. Mr. Frier explained that they had looked at last year and the amount

actually expended in 66-67 and thought it was too high so had reduced it accordingly.

Mr. MacClanahan stated that fuels, solvents and oils were the critical items in this area, Code 460, most of it is for fuel. In reply to a question by Mr. Strandberg, on whether they would lapse any money in this fund this year, Captain Mangan stated that he hoped not, but they were buying as much fuel as possible in Seattle as it is considerably cheaper. There is about a 23% saving on light fuel.

In reply to a question by Mr. Sassara regarding additional expense involved in the operation of the ferries to Seattle, Mr. MacClanahan said he could not give an answer, but could get the information for the committee. He added that they may have lapsed money in this account if they had not added the Seattle run.

Code 500
Equipment

In reply to a question by Mr. Strandberg on how they spent the \$12,000 the division was given last year, Captain Mangan said they had had to have baggage handling equipment at the terminals and it was used for this purpose. There was some discussion relative to the S.S.B. Transmitter and Walkie-Talkie equipment which had been disallowed. It was explained that they had felt it was needed for more efficient and rapid service and for convenience in contact with the vessels.

Stewards
Functions
Codes 100,
200 & 300

In reply to a question on how they are making out in this area, Captain Mangan said that right now they are in pretty good shape. There was no discussion on codes 100, 200 and 300.

Code 400
Commodities

Mr. Strandberg noted that they had been allowed about the same as had been authorized last year. The major reduction was

in Code 430. Mr. MacClanahan said this would be a hard one to live with as food costs have increased. There is an average increase in traffic of 14% every year and they are now getting quite an increase in traffic in the winter.

Mr. Freer said that this reduction had been based on the two previous years and they had not hit the \$274,000 authorized, so they had held it down.

Mr. MacClanahan explained that the percentage on cost of food was based on reports -- 44% of estimated income from dining room; 40% of estimated income from snack bar, and 35% of estimated income from the bar. In order to cut down expenditures as much as possible they are now buying nearly all the food for the vessels in Seattle through Universal Services.

In reply to a question by Mr. Sackett, it was explained that the allowance for clothing is for replacement due to wear and tear.

Code 500
Equipment

Mr. Freer stated that the small cut here was because there was a possibility of getting a small trade-in allowance on the present vending machines which have to be replaced.

South-
western
Ferry
System

There was considerable discussion regarding the operation of the ferries in this area. Mr. MacClanahan outlined the present schedules for the TUSTUMENA and the CHILKAT and the anticipated arrival of the new ferry for the Southwestern system in May, 1969. It was not felt that the one vessel which is on order is enough for the needs of the state and asked what is planned because of the shortage of bond money for more ships.

Mr. MacClanahan said that it depends on what the state comes

up with in buying a vessel overseas. If it does, it will be possible to fill the entire program; if not, the state is stuck with one new vessel and will have \$1.5 million left in the bond fund.

Mr. Sassara stated that he had a bill which he is going to introduce for bonding of additional ferries.

Mr. Haugen asked if they still planned to bring the TUSTUMENA down for the Southeastern run. Mr. MacClanahan said that if they only get the one ship, the TUSTUMENA will have to stay in Southwestern.

In reply to a question by Mr. Sassara with regard to the federal government relaxing the Jones Act, Mr. MacClanahan said he thought it was excellent with one ship; however, the chances go down with more than one.

Mr. Strandberg noted that the budget request had been cut about \$100,000. Mr. MacClanahan stated that they had hoped to get an extended reservations system on to Anchorage for more efficient coordination between the two systems. Mr. Freer stated that they had tried to hold the line as much as possible--they had provided for new positions beginning in May, 1969, and associated services for the new vessel. In reply to a question on when they expected delivery on the new vessel, Mr. MacClanahan said that the contract called for delivery in New Orleans on April 1, 1969. The contractor will quote a price for delivery up here; however, if the state can do it cheaper with their own people, the state will take delivery in New Orleans and bring the ship up. Mr. Haugen asked about inter-state funds and whether the state

would get any for the ferry system. Mr. MacClanahan said there is going to be a meeting on this and they are going to try for it.

There was general discussion about the rail-ferry operation. No particular changes are expected in that area.

Code 100
Personal
Services

Mr. Freer stated that the same general cut and approach had been used here as in other areas. Mr. MacClanahan said that they did have to have the teletype at Tok, however, they can do without the operator and work it the same way they did last year.

Code 200
Travel

No questions or comments.

Code 300
Contractual
Services

No questions or comments.

Code 400
Commodities

No questions or comments.

Code 500
Equipment

The equipment for the teletype operator at Tok was disallowed as the position was not allowed.

Stewards
Functions
Codes 100 &
200

No discussion of these codes.

Code 300
Contractual
Services

Captain Mangan said that they were in pretty good shape in this area. There were no additional questions.

Other
Ferry
Operations

There was general discussion on the program. In reply to a question by Mr. Strandberg on how they were going to handle the cut back of \$20,000, mainly in contractual services, Captain Mangan said that the ship is getting older and the machinery deteriorating--you just have to hope as you really can't forecast in this area.

This completed the review of the Division of Marine Trans-

General
Adminis-
tration

Office of
the Com-
missioner

portation. Mr. Strandberg said they would review General Administration next.

Mr. Strandberg asked about the reduction in the budget for the Commissioner's office. It was explained that the funds for the rail-ferry operation to Whittier had been included in the Commissioner's budget last year and had been transferred to Marine Transportation this year. Also, the position of Information Specialist had been eliminated. The position of Deputy Commissioner had been added by Executive Order due to increased workload. Mr. Freer stated that they had followed the policy of salary increases and general reduction right down the line. This also has the Inter-Agency charges for Data Processing (\$38,000) and \$2,000 for duplicating charges.

Code 200
Travel

In reply to a question on the reason for the cutback in travel, Mr. Freer stated it was following the policy of holding travel down and the general cut back.

Code 300
Contractual
Services

Mr. Sackett questioned the decrease in insurance and bonding (Code 370). Mr. Freer stated that they had been able to get a lower rate and it is reflected in the budgets.

Adminis-
tration

Code 100
Personal
Services

It was noted that there are some changes under Personal Services as several accounting positions in the Division of Aviation were transferred to Juneau general administration division. There was one new position created, Secretary I, authorized by Executive Order.

In reply to a question on why the accounting positions were transferred to Juneau, Mr. MacClanahan said it was for general consolidation of accounting functions into one place for more

efficiency. Through this move it was possible to cancel four positions.

Code 200
Travel

In reply to a question regarding the cut back in Travel, Mr. MacClanahan stated that there is going to be an increase in necessary travel for auditing. He didn't feel that they would be able to live within the \$1,700 allowed. Mr. Freer stated that they had used the same rule of holding down travel and that there were too many trips scheduled by too many people and some of this could be accomplished in connection with approved travel.

Code 300
Contractual
Services

Mr. MacClanahan explained that part of the large increase requested was for the move to the new quarters.

Mr. Smith said, in reply to a question regarding the cut back for Code 330, rents and utilities, that they had coordinated the information with the Division of Supply based on current rental and put in enough to cover it.

Mr. Strandberg asked Mr. MacClanahan how the department had arrived at their conclusions for this item. Mr. MacClanahan said that the Budget Review Committee had used the figure of \$1,800 per month and the department had used the figure of \$2,200 per month. He also explained further that there was some question over part of the area included in the rental which no one was claiming. This is going to have to be paid and if it is not paid out of Marine Transportation's budget, it will have to come out of the Administration budget.

Mr. Freer stated that the review committee will take another look at this item and will get it straightened out. Mr. Strandberg requested that this information be furnished as rapidly as possible as the committee wants to close out the

budgets just as fast as possible.

Adjournment: The meeting adjourned at 4:45 p.m.

HOUSE FINANCE COMMITTEE MEETING

February 23, 1968

10:45 a.m.

Present: All members of the House Finance Committee were present except Mr. Sassara. Others present were George R. MacClanahan, commissioner; Tracy D. Kaldor, administrative director; Carl Johnson, acting director of Buildings; and Don Statter, director of Water & Harbors, Department of Public Works; Richard W. Freer, director, and Gene Smith of Division of Budget & Management, Department of Administration; and Representative Don Smith.

Mr. Strandberg opened the meeting and stated they would proceed with the review of the Department of Public Works budget request. He said the first section they would review would be the Division of Buildings.

Division of
Buildings

Code 100
Personal
Services

Mr. MacClanahan stated that the personnel is the same as it was last year. They had asked for two new positions, but they had been disallowed. The administrative workload in this division is getting very heavy and something is going to have to be done about it. However, he did feel that they could get by this year with this allowance.

Code 200
Travel

Mr. Strandberg noted that travel allowance had been cut to \$1,000. There was discussion regarding the amount used last year and it had not been as much as authorized. The department felt they could get by with the amount authorized.

Mr. Sassara came in.

Code 300
Contractual
Services

There were no questions or comments on this item.

Code 400
Commodities

Mr. Johnson said they were running a bit tight on this item.
No other questions or comments were made.

Code 900
Inter-
Agency
Charges

Mr. Freer explained that the money in this item would ordinarily have been under Code 400, commodities, which would put it up where it was last year.

Custodial
Services
Code 100
Personal
Services

It was explained that there were no new positions requested. However, they did transfer one labor foreman from the Receipts Program and one custodial worker from the museum section into this budget. One custodial worker was transferred to the Receipts Program. In reply to a question on how the review committee had arrived at their figure, Mr. Freer said they had applied the vacancy and turn-over factor. Mr. Sackett asked for an explanation of the Receipts Program and Mr. Strandberg said that it would be explained to the committee later.

Code 200
Travel

No travel involved.

Code 300
Contractual
Services

In reply to a question on why the large increase requested for rents and utilities, Mr. MacClanahan said it was for operation of the museum and anticipated increases for utilities and data processing. Mr. Freer stated that it had been computed on the basis of last year, plus the cost of operating the museum. He felt this figure may be a little light as he did not believe they had taken into consideration the new generator. In reply to a question by Mr. Strandberg on how many dollars they were talking about, Mr. Freer stated \$3,000. Mr. Strandberg requested that Mr. Freer make another analysis of this item for the committee and come in with what he would recommend as a budget change.

Mr. Strandberg also requested the Department of Public Works to make a projection of costs for the balance of the year and submit it to the committee.

Code 400
Commodities

It was noted that there is a letter from Mr. Ward, commissioner of Administration raising the allowance for this item to \$30,000.

Code 500
Equipment

No new equipment required.

Maintenance
Code 100
Personal
Services

It was noted that the requested 1/2 of a new position for maintenance mechanic and all casual labor had been disallowed. Mr. Kaldor stated that they had requested the casual labor in order to perform long overdue maintenance and repair to the capital complex. Without this increase, repairs and maintenance will have to be accomplished on a priority basis by present personnel.

Code 200
Travel

No change--no questions or comments.

Code 300
Contractual
Services

In reply to a question on the large increase requested in this item, it was explained that the condition of the capital complex, both interiors and exteriors, is in need of extensive repair and maintenance. Mr. MacClanahan said that this was an area where as much money can be spent as is available. There was some discussion on the responsibility for repair of sidewalks around the state buildings. Mr. MacClanahan said this could be put off. Mr. Sackett asked with regard to the cuts made, had there been anything in Mr. Freer's thinking on the new state building. Mr. Freer replied that they had not considered that aspect at all.

Code 400
Commodities

No comments or questions.

Code 500
Equipment

In reply to a question on why the division had requested funds for a mobile snow plow, Mr. Johnson said that it was for use around the new museum and support area. This item had been disallowed. No additional discussion.

Planning &
Design

This section was zeroed out as it has been broken into two separate sections.

Design

It was noted that the only two functions budgeted for in this area were for contractual services and commodities. It was explained that the division no longer plans to do their own design work, but will have it done by commercial offices. There was some discussion on the cost factor of having commercial firms perform this service. Mr. MacClanahan said that in not having to staff the positions necessary to do our own design, he did not believe it will cost the state any more and this way they are not in competition with private industry. This decision would not have been made if the cost had been greater.

Codes 100
& 200
Personal
Services &
Travel

The division has the personnel available to perform necessary inspection. All personal services and travel will be charged to specific projects in the receipts program. There will be some small design jobs performed by the division, but the large ones will be farmed out to commercial firms.

Code 300
Contractual
Services

Code 400
Commodities

No discussion on these two codes.

Planning
Code 100
Personal
Services

In reply to a question on why they felt the division had

needed the new position of Architect/Engineer, Mr. Johnson said that it was to head the new Planning Section. Mr. Freer said that they had disallowed the position as the division had a man who had been in charge of the Planning and Design Section and could be used in this capacity.

Code 200
Travel

Mr. Strandberg noted that this item had been cut in half.

There were no questions or comments.

Code 300
Contractual
Services.

No questions or comments.

Code 400
Commodities

Mr. Strandberg noted that this shows as a new program. Mr. Freer explained that this related back to what had been in the combined program of planning and design in previous years. No further discussion.

Code 500
Equipment

This item had been zeroed out. No questions or comments.

Construc-
tion

Code 100
Personal
Services

Mr. Kaldor noted that the increased request was to upgrade two positions and normal salary increases. Mr. Freer explained that they allowed the \$7,200 needed for the upgrading and reclassification and salary increases and had deleted \$2,000 for vacancy and turnover factors.

Code 200
Travel

Mr. Strandberg questioned why the division had requested an increase in travel if they planned to use other design engineers. It was explained that there would still be the same amount of travel for inspection, etc. In reply to a question on how they were doing on travel money this year, Mr. Johnson replied that it was getting real tight. No further discussion.

Code 300
Contractual
Services

No questions or comments.

Code 400
Commodities

Stationery and office supplies were previously charged to the director's office. Mr. Freer explained that the amount allowed was the best guess after looking at amounts previously allowed in the director's office. Mr. MacClanahan did not feel this was anything to be concerned about.

Code 500
Equipment

No comments or questions.

Museum
Maintenance

This section zeroed out and required no discussion or action.

Mr. Johnson left the meeting.

Communi-
cations

Mr. Strandberg noted that this is the same problem as in previous years--not enough equipment. Mr. Buck replied yes.

Code 100
Personal
Services

It was noted that the new position of a communications planning officer had been deleted. Mr. Buck explained that it would be very beneficial to have this person. One-half of his salary would be paid by the state and one-half funded by the federal government. In response to a question on why the position was needed, Mr. Buck said that this person would coordinate all state emergency communications and would be responsible for all planning and operation of the system in case of an emergency. The position would be located in the Disaster Office, but would be under the jurisdiction of the division of communications. Mr. MacClanahan said that hopefully it will solve the problem in communications such as were experienced during the flood in Fairbanks. Discussion brought out that it would be a continuing program and that actually the state would receive double mileage because while he was responsible for keeping current on all state and private communication facilities, he would also be available to assist

in working on state programs. Mr. Freer was asked if the position was disallowed in keeping with state policy of keeping personnel at last year's level and he replied in the affirmative.

Code 200
Travel

Mr. Freer explained that the cut back was on general policy of holding travel down. In answer to a question on how this will affect the program, Mr. Buck stated that it will cut back on travel with resultant cut back in services.

Code 300
Contractual
Services

Discussion was held on the cut back in this item. In response to a question on what will happen, Mr. MacClanahan said that there will have to be a curtailment of service.

Mr. Sackett asked why rent and utilities was cut \$15,000 from what was authorized last year. Mr. Freer said that from checking with Supply, it was cut back slightly more than last year's level. He said that they should take another look at it.

Mr. Strandberg said he would like to look at the different service organizations.

Mr. Strandberg noted that the legislature had authorized \$73,000 last year and that it had been the legislatures intent that the program of service be kept at that level and that now it appeared the review committee had gone to the previous year's level and ignored the legislative intent in contractual services. He thought an analysis of this program is required and asked Mr. Freer to prepare an analysis and get it back to the committee by Tuesday, February 27.

Code 400

Commodities

Mr. Freer explained that the same policy of holding to previous levels had been applied in this instance. Mr. Strandberg questioned how this will affect the communications program. Mr. Buck replied that it will have considerable affect as this is based on actual costs and they won't have the ability to service the equipment as it should be. Although they keep a working stock of replacement parts, they do not stockpile any. Mr. Freer was requested to make an analysis of this program and submit it with his analysis for contractual services.

Code 500

Equipment

Mr. Freer stated they had used the same policy of holding to previous years and coordinated what had happened in other programs.

In reply to a question regarding the VHF control system for the Department of Public Safety at Homer which had not been allowed, Mr. Buck said that the control system there is now owned by the FAA and they have been discussing taking it out. Equipment purchased by the division will have to be on a priority basis.

In response to a question by Mr. Sackett, Mr. Buck explained that they are replacing as few radios in bush areas as possible because it is going to be required by law that the state go to the single sideband transceivers within the next few years. He said the S.S.T. will be much more satisfactory.

This completed the review of the Department of Public Works Budget with the exception of the Division of Aviation and Buildings Working Capital Fund.

Recess:

Meeting recessed at 11:55 a.m. until 2:00 p.m.

HOUSE FINANC. COMMITTEE MEETING

February 24, 1968

10:00 a. m.

Present: All members were present except Mr. Sasaara who was excused. Mr. Freer and Miss Suzie Harris of Budget and Management were present, along with Mr. Walter Baldwin, Administrative Officer in the Office of the Governor.

Budget Review:
Office of the Gov.

There was a brief discussion on a coordinator for the Rural Affairs Commission in the Governor's office, and Mr. Sackett said it was his understanding that the Governor needed a person for this.

Travel: Mr. Miller said travel was up roughly one-third over last year's budget and part of the increase was due to the new fisheries position. Mr. Baldwin said, however, that the major increase was travel for the Governor.

Mr. Ray asked about the turnover of personnel and what percentage had been used. Mr. Freer said they had used two percent.

Contractual Services: Mr. Miller said this was below last year's level and slightly above 67-68 FY appropriation.

Commodities: Mr. Miller was questioned on the \$600 for photographic supplies for the Travel Division and he agreed that it should be in the Travel Division's budget instead of this.

Equipment: No questions.

Interagency: With reference to the \$11,300, Mr. Strandberg said the same principle would apply to this as what they discussed in the Public Works budget, i.e., that if the committee decides to take it out, Mr. Freer can repair it accordingly.

Mr. Borer inquired about the centralized duplicating that Public Works had been billed for and noted that nothing had been charged to the Governor's office. Mr. Freer said the Governor's office was not included in this because it was

not the type of thing the Governor's office needs.

Governor's Mansion
Personal Services:

Mr. Miller said the reason for the increase in personal services was due to the addition of a temporary housekeeping aide.

Contractual:

The decrease in this, according to Mr. Miller, is due in part to the budgeting of this under code 900, Interagency charges for Division of Buildings. Another reason for the decrease is due to the recent renovation of the mansion, there will be less in repairs and upkeep.

Interagency Charge:

The \$15,000 under this category will be used for repairs to the furnace and new storm windows.

WICHE:

The cut by the Governor's Review Committee of the Mental Health program was noted by Mr. Strandberg and he told the committee that before they agreed to this cut (which was originally made in 67-68 budget by the Conference Committee) that a person would testify before the committee on the necessity for this \$7500 in this program. Mr. Ray said the program had a definite value and Mr. Strandberg agreed and said that when it came up during the closeout of the budget they could restore it at that time if it was agreeable.

Council of State Govt.

This is the same as 67-68, and in answer to a question, Mr. Freer told the committee that the Council sent out many publications that were of great value to the state and this was a most worthwhile organization.

Governor's Emp. Adv. Commission

This function has been transferred to the Department of Labor.

Athletic Same level as last year.
Commission

Contingency Mr. Miller told the committee he would have a breakdown on this
Fund that would be put in the minutes on the Contingency Fund for 67-68. Mr. Baldwin told the committee that of the special funds within the Contingency Fund (Fisheries - \$25,000; surface transportation - \$30,000; Rural Affairs \$40,000; etc.) they would furnish a complete breakdown for the committee. Mr. Miller asked if there would be any lapsed funds. Mr. Baldwin said he was sure there would be in the one for surface transportation. Mr. Strandberg said he did not like the way these funds had been handled last year so would like this report. He also felt they should not have been put in the Contingency Fund since they distorted the budget, and Mr. Baldwin agreed and stated that this year they were put in the proper section of the budget. Mr. Strandberg said last year he made the statement on the floor that there would be no transfers from those special funds for any purpose and he wanted to be sure that there had not been. Mr. Baldwin said they had known this and there had been no transfers.

Secretary Only increase in personal services was for salary increases and
of State for promotion of Executive Secretary I to a II.

travel Mr. Miller said this was just a general increase. Mr. Borer noted the substantial increase in this item from 66-67 of \$3,000 to the request this year of \$12,000 and thought it reflected more than just a general increase. Mr. Strandberg told Mr. Miller to get more information on this and supply the committee with a better explanation or they might have to cut it down.

Contractual Mr. Miller said the increase in this item was due to the forth-
Services

coming election. Mr. Freer did not agree with the statement, as he said this should be reflected in the Election budget, and he felt it was just a general increase within the Secretary of States' Office.

Equipment: Mr. Miller pointed out to the committee that this should be eliminated as it re-appears in the Election portion of the budget and was accidentally put in Secretary of State's budget. Mr. Strandberg said they would take care of this when they close out the budget. (See page 58 of budget request book.)

Elections: Part of the increase in personal services was due to the addition of election clerks in Sitka, Ketchikan and Kodiak, according to Mr. Miller. He also pointed out that there was some discussion of having one in Bethel instead of Kodiak, so this position may possibly be re-allocated.

Travel: Mr. Miller said a good portion of the travel budget would be used for election workshops. Mr. Freer noted that there was about \$10,000 left over from the 1967 special election and so if they needed funds, they would be able to use this, rather than request a supplemental to get started on the election.

Contractual: The increase in this area, according to Mr. Miller, is due to increased election personnel as noted above, and will be used for rent. It was noted in code 330 (rents and utilities) that this had risen from \$3,677 in 66-67, to the present request for \$15,450. Mr. Strandberg directed Mr. Miller to bring to the committee an explanation of the big jump in this item. He thought possibly it could be connected with the \$15,000 for polling places that possibly had been in another section of the budget in 66-67.

Equipment: Mr. Miller pointed out that the \$1,000 request for equipment is the one they plan to delete from the Secretary of State's

office; however, that was for \$1,600 and he felt this one should be for \$1,600. The committee agreed to make this change when the budget is closed out; however, it would be considered the Governor's allowance and not an increase by the committee.

Pioneers Home

Mr. Miller said this budget was the same except for increase in personal services due to salary increase and position re-classification.

With reference to transferring the Pioneers' Home budget to Department of Administration budget, Mr. Freer said they had decided to do this at the time the final budget is put together.

Sitka

Mr. Miller said the only change is a \$500 cut in spending allowance since they had not used as much as they requested last year. Mr. Strandberg asked if the allowance had been cut and Mr. Baldwin said it had not.

Fairbanks

Mr. Miller said the Fairbanks Home is completely full now and the increase is due to salary increase and three new positions that were needed in the nursing portion, as they needed three shifts of nurses.

In answer to a question about capacity, Mr. Freer said Sitka had about 200 guests and Fairbanks had 63.

Mr. Borer thought Travel could be cut back since most of the guests were now there and Mr. Miller agreed since the home is now full. Mr. Freer said they still need it for transporting patients and also some guests do return to their homes, and also for patients who die. Mr. Strandberg noted that Sitka had \$3,000 for travel and thought \$2,400 was a bit steep for Fairbanks.

Contractual: Mr. Miller said this was increased because utilities were much higher than originally anticipated.

Equipment: Mr. Miller said this was cut back to last year's level, and Mr. Strandberg remarked that since it was a brand new building, he could not see any justification for new equipment and they should check this out carefully.

Grants, etc: Mr. Miller said this was cut from \$2,000 to \$1,000 from last year as they did not need it.

Pioneer
Advisory
Board

Only comment was by Mr. Ray who remarked that this Board had not yet been enacted into law.

Mr. Miller asked that he be allowed to report out Local Affairs and Rural Development Agency at a later date. Mr. Strandberg requested that he have it ready on Monday.

State Com-
mission on
Human Rights

Mr. Miller said they had asked for an increase of four new field representatives and had been allowed one. Consequently the budget was cut throughout where requests had been made for contractual, travel, equipment, etc., for new employees. Mr. Borer asked about federal funds for this commission. Mr. Freer said he was not aware of any available federal funds for this. Mr. Strandberg directed him to look into it thoroughly to make sure.

Far East:

Same level as last year. No questions.

Economic
Opportunity
TA

Mr. Miller said they had asked for and were given a new federal OEO man for human resources, etc., and the position is 100 per cent federally funded. Mr. Strandberg noted that the state's share (general fund) of this program had not increased over last year. In answer to a question by Mr. Strandberg, Mr. Miller said the director had informed him that relative to new programs, they were "setting new horizons all the time."

VISTA

Under personal services, Mr. Miller said they were requesting two administrative assistants and were given one.

In answer to a question by Mr. Strandberg, Miss Harris told the committee members to see page 209 which showed the \$751,500 funding from the federal, and that general fund receipts were \$50,500 as shown on page 197 of the budget workbook.

Mr. Freer explained that one of the problems they have with this program ; is that when they are making up the budget, the figures usually are not yet firm from the federal, so they end up putting it into the program by executive order.

Mr. Strandberg requested that Mr. Lethin of OEO come before the committee and give an explanation of the program. Mr. Miller said he would arrange for him to appear next week.

Mr. Miller said the Governor's office plans to submit a new budget on this so he will report on it when it is available.

Mr. Miller said the state's share in this program remains the same, the federal has increased from \$30,000 to \$50,000, and noted that this was a 50-50 type federal program.

Mr. Miller said this program was the same, and there was the possibility of a lapse in this year's funds.

Mr. Miller pointed out that this program had been funded last year in the contingency fund. He said they had 43 members who were divided into task forces, and that the law set the limit for 60 members. Mr. Sackett mentioned that he would like to see a coordinator in this program. Mr. Miller said he understood on the request for \$2,000 under contractual services that they really needed this for a secretary rather than that amount for phone, telegrams and postage. Mr. Strandberg told him if they wanted to make a change they would have to handle it through the Governor's office.

Planning &
Research:

Council of
Arts

Commission
Women

Rural
Commission

NORTH
Commission

Mr. Strandberg asked Mr. Baldwin to provide the committee with a report on expenditures by the NORTH Commission to date. Mr. Miller said they were preparing one for him and when he received it, he would have it incorporated into the minutes.

Special
Litigation

Mr. Ray asked where they were able to spend \$49,371 (see page 263, workbook) when the appropriation for 66-67 was only \$35,000.

Mr. Freer explained that the balance was encumbered funds from 65-66, and since it wasn't spent until 66-67, it showed up in that figure. Mr. Ray was not satisfied with the answer and Mr. Strandberg asked that Mr. Freer's office provide the committee with a breakdown of this. Mr. Freer said they would attempt to segregate the expenditures and provide the committee with a clearer picture of it.

Adjournment: Committee adjourned at 12 noon.

2:00 p.m.

Present: All members were present except Messrs. Ray and Sassara who were excused. Messrs. Freer, and Smith were present from Budget and Management.

PUBLIC
WORKS
Closeout

Before discussion on closing out Public Works' budget began, the committee discussed the money that was in this budget, and would likely be in others, for the centralized printing and data processing. Mr. Freer felt it would be a good idea to review the Department of Administration budget before proceeding on the others so that the committee could get the full picture of this program. Mr. Strandberg said he would not hold up other budgets since they wanted to hold a hearing on data processing with the Senate and if they decide to cut back in this area, they can go back into Public Works and cut it at that time.

There was a brief discussion on the fact that the administration had cut back to 66-67 level in a number of budgets and Mr. Borer wondered if this was the established policy for the entire budget. Mr. Strandberg said each budget would be taken up on an individual basis as some would be able to take these cuts and some would not. Mr. Freer said they are working on an off-set duplicating machine that will take care of a number of departments; however, they will continue to use zerox and verifax machines in the individual departments.

Commissioner's Office There was no change in Personal Services, and the figure

Personal Services remained at \$56,700.

Travel It was moved and unanimous consent was asked that travel be
(increase) raised from \$5200 to \$6200. No objection so ordered.

Total Total budget of \$106,500 was moved and unanimous consent was
asked that it be accepted. No objection so ordered.

Administ- lon It was moved and unanimous consent was asked that \$358,200
total: (Governor's allowance) be accepted by the committee. No objection
so ordered.

Mr. Strandberg questioned the rents and utilities (code 300) and
Mr. Smith of Budget and Management assured him there was
sufficient money in this category.

General Administration Total figure of \$464,700 for Division of Administration
was moved and unanimous consent was asked for acceptance by
the committee. No objection so ordered.

Buildings Director's Office It was moved and unanimous consent was asked that the Governor's
allowance of \$67,700 be accepted. Mr. Sackett objected and

Travel (Increase) asked that the Travel allowance be increased. After some
discussion it was moved and unanimous consent was asked that
travel be increased from \$1,000 to \$1,600, thereby amending
the figure for Director's Office to \$68,300. No objection
and both motions adopted.

Custodial Services:
(Increase - (See letter from Mr. Ward to the Chairman, dated February 5,
Governors) requesting increase in Custodial Services budget under commodities,
Commodities from \$26,000 to \$30,000.) The requested change on this was
made by the committee (see budget workbook, page 193)

Contractual Services It was moved and unanimous consent was asked that Contractual
Services be raised from \$66,200 to \$69,000 due to the state
(Increase) museum request. No objection so ordered.

Total Custodial Service It was moved and unanimous consent was asked that the total
budget for Custodial Services of \$246,800 be accepted. No
objection so ordered.

Maintenance Services Mr. Strandberg pointed out to the committee that the "casual
labor" had been completely removed from this year's budget, and
he felt this was just too tight. He thought the contractual

Mr. Haugen remarked that he thought there should be some permanent type of program where these buildings are kept in shape instead of getting by with "casual labor". In answer to a question on definition of "casual labor", Mr. Freer said these people are used to repair windows, keep the parking lot smoothed out and this type of thing.

It was moved to accept the Governor's figure of \$242,700 for Maintenance, but objection was heard. Mr. Miller amended the motion to include \$4,000 in personal services which would raise that allowance to \$169,000. No objection, so ordered. It was then moved and unanimous consent was asked that the total budget of \$246,700 be allowed for Maintenance. No objection so ordered.

personal
services
(increase)

Total:

Letter of
Legislative
Intent

Mr. Haugen said he felt that it should show in the letter of legislative intent that this Maintenance section should use this additional appropriation for general housekeeping of these buildings in maintaining them. The committee agreed that they would include this in the letter of intent.

Planning &
Design

It was noted that this the Design section had been eliminated and there was no request for an appropriation under this category.

Design

It was moved and unanimous consent was asked that the Governor's request of \$9,000 be allowed. No objection so ordered. Mr. Strandberg asked Mr. Freer to investigate the possibility of restoring the request of the department for an Architect/Engineer position that had been disallowed by the Budget Review Committee.

Planning:

It was moved and unanimous consent was asked that committee accept the Governor's request of \$56,800. No objection so ordered.

Construction:

It was moved and unanimous consent was asked that the Governor's request of \$47,800 be allowed. No objection so ordered.

Communications: Mr. Borer said that since the research was not in on this yet, he felt they should not close it out. Mr. Sackett agreed and stated that the bush areas had a real problem on communications and he wanted to spend some time with Mr. Buck before arriving at any decision on this. Mr. Strandberg agreed to leave this open, but thought they could close certain portions of it.

Personal Services:

Discussion ensued on the request for a Communications Planning Officer which had been disallowed by the Budget Review Committee. Mr. Strandberg thought the job was important and Mr. Freer said that in order to take advantage of federal funds, this position rightfully belonged in Military Affairs. Mr. Strandberg said they would discuss it at the time they went into review of the Military Affairs budget then. It was moved and unanimous consent was asked that \$218,200 as requested by the Governor be allowed. No objection so ordered.

Travel
(Increase)

Mr. Strandberg felt this had been cut too much and the members agreed. It was moved and unanimous consent was asked that Travel be increased from \$18,500 to \$24,000. No objection so ordered.

The committee agreed to leave the balance of the Communications budget open for later review.

Marine Transportation:
Administration:

It was moved and unanimous consent was asked that \$311,700 be allowed for Administration. No objection so ordered.

Southeast System
Operations &

Stewards Function be allowed for operations and \$1,445,400 for Stewards Function for a total of \$5,126,000 for Southeast System. No objection so ordered.

Southwestern
Ferry System
Operations &
Stewards Function

It was moved and unanimous consent was asked that \$1,216,400 be accepted for Operations and \$236,000 for Stewards Function, for a total of \$1,452,400 for the Southwestern Ferry System. No objection so ordered.

Other Ferries:

After a plea by Mr. Borer to raise this amount, it was moved and unanimous consent was asked that the request of the Governor for \$134,200 be accepted by the committee. No objection so ordered.

11:

It was moved and unanimous consent was asked that the committee accept the total budget for the Marine Transportation of \$7,024,300. No objection so ordered. It was noted that Waters & Harbors Division was not yet in the workbook and Mr. Freer assured the committee that he would have the sheets on this the first of next week. It was announced the committee would start the review tomorrow morning at 10:00 a.m. on the Office of the Governor.

Adjournment:

Meeting adjourned at 3:35 p.m.

HOUSE FINANCE COMMITTEE MEETING

February 26, 1968

8:30 a.m.

Present: All members were present except Mr. Sassara who was excused.
Mr. Freer was also present.

BILL ASSIGNMENT: SENATE BILL NO. 316 (Appropriate \$25,000 Division of Lands)
Not assigned.

HOUSE BILL NO. 524 (amending Election Code) -- Mr. Ray.

HOUSE BILL NO. 624 (Grant income tax exemption for persons who sell fish) -- Mr. Borer.

Office of Governor Executive Office

With reference to the coordinator previously mentioned in discussion of the Office of the Governor, Mr. Sackett said there seemed to be confusion as to what the Governor wanted. Mr. Strandberg said they could always reopen the budget if it was decided to have one.

Personal Services

It was moved and unanimous consent was asked that \$311,700 be accepted. Objection was heard from Mr. Ray on the basis that other budgets had been cut back to 66-67 FY level and that it had not been done in this one. On vote by the committee the figure was adopted 5-1.

Travel

It was moved and unanimous consent was asked that figure of \$21,900 be accepted for travel. Mr. Ray objected for the same reason as above. On vote by the committee the figure was adopted 5-1.

Contractual Services

It was moved and unanimous consent was asked that the figure of \$43,100 be accepted by the committee. Mr. Ray noted that there was \$200 shown for the Fisheries Director, but then on the detailed breakdown, it was not explained. Motion carried 5-1.

Commodities: It was moved and unanimous consent was asked that \$11,900 be accepted by the committee. Mr. Strandberg directed Mr. Miller

if it should be taken out of here, they could re-open it at a later date. There being no objection to the figure of \$11,900 was adopted by the committee.

Equipment: It was moved and unanimous consent was asked that the figure of \$1,000 be accepted by the committee. No objection so ordered.

Inter-Agency: It was moved and unanimous consent was asked that the figure of \$11,300 be accepted by the committee. It was noted that this total figure is for data processing and Mr. Strandberg said if the program was not approved or changes were made, they could come back at a later date and change it. No objection so ordered.

Total:
Executive Office It was moved and unanimous consent was asked that total of \$400,900 for Executive Office be accepted. Objection was heard and motion carried 5-1.

Governor's Mansion: It was moved and unanimous consent was asked for the Personal Services: figure of \$24,000. No objection so ordered.

Contractual Services: It was moved and unanimous consent was asked for \$4,800 for contractual services. No objection so ordered.

Commodities: It was moved and unanimous consent was asked for figure of \$10,800 for commodities. No objection so ordered.

Equipment: It was moved and unanimous consent was asked for \$1,000 for equipment. No objection so ordered.

Interagency: It was moved and unanimous consent was asked that the committee accept the figure of \$15,000. No objection so ordered.

Total:
Governor's Mansion It was moved and unanimous consent was asked for total of \$55,600 for Governor's Mansion. No objection so ordered.

HE:

Mrs. Dora Sweeney, Commissioner for WICHE, appeared before the committee. She appealed to the committee to re-instate the \$7500 taken out by the Budget Review Committee for the Mental Health. In her presentation she told the committee that Alaska is one of only four states that does not belong to this program. This year Alaska was invited to participate in this program, but she felt it was doubtful that they would again be invited if they did not pay their share. She also felt that it would be desirable to have a supplemental to pay for FY67-68 as this was deleted in last year's budget also. (Presentation in WICHE file.)
Virginia Sims (AP) entered the meeting.

Mr. Strandberg told the committee they would leave this open and come back to it later.

Mr. Borer asked about reports concerning students who receive assistance under this program. He was told that records are kept and Mrs. Sweeney, who had left the meeting, could provide him with this information.

Council of
State Govt.

It was moved and unanimous consent was asked to accept the figure of \$4,000. No objection so ordered.

Athletic
Commission:
(CUT)

It was moved and unanimous consent was asked that the committee accept figure of \$4,000. Objection was heard. Mr. Miller said there would be a lapse due to decreased level of activity. He thought, in response to a question on it, that they would lapse about \$2,000. Motion was made to amend the \$4,000 figure down to \$2,000 for this budget. Amendment was adopted 5-1 (Miller voting no). On the main motion of accepting the \$2,000 for Athletic Commission, figure was adopted 5-1 (Miller still voting no.)

Contingency Fund Mr. Strandberg said they would leave this open until breakdown was received from the Governor's office on this.

SECRETARY OF STATE

General Program Personal Services

Under personal services, it was moved and unanimous consent was asked that \$90,200 be accepted by the committee. Mr. Ray objected for the reason that other departments have been cut back to 66-67 level and he could see no reason for this office to increase their program. Motion carried 5-1.

Travel:

Mr. Ray noted that the Director of Elections was put in this budget and he felt since they had a separate budget the Director should be shown in that category instead of the office of the Secretary of State. He noted that he was also acting as appointments' secretary (the Director of Elections) and wondered if this was the reason for showing this expense here instead of in Elections. It was moved and unanimous consent was asked that \$12,000 be accepted for Travel. Mr. Ray objected and motion carried 4-1.

Mr. Strandberg left the meeting just previous to the above motion.

Contractual Service

It was moved and unanimous consent was asked that figure of \$32,300 be accepted by the committee. No objection so ordered.

Commodities:

It was moved and unanimous consent was asked that figure of \$3,300 be accepted by committee. No objection so ordered.

Equipment:
(Cut)

It was moved and unanimous consent was asked to delete this item completely as it will be shown under elections equipment (\$1600). No objection so ordered.

ELECTIONS:
Personal Services

Mr. Ray again brought up the subject of the Director of Elections not being in this budget. Mr. Freer said it was his understanding that it was always carried under this since the election portion of the budget only occurred every two years. He supports the