

HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2466

especially increased the number of jury trials and resulting jury fees, witness fees, expert witness fees and court appointed attorneys. He stated that the caseload in the third district has increased 13% per annum in the past three years. The statewide increase has been 10% per annum on litigation in courts of general jurisdiction. This includes both criminal and civil cases. Criminal cases have increased about 18% in the third district. In the rest of the court system the percentage is somewhat lower.

Mr. Reynolds stated that effective January 1, 1968, jurisdiction in juvenile matters will transfer to the superior court, in accordance with 1967 legislation. The courts now must appoint attorneys to represent juveniles in certain cases as a result of U.S. Supreme Court decision Gault v. Arizona, and therefore an increase for court appointed attorneys is necessary. Mr. Reynolds stated that he wished he had these figures broken down, and Mr. Strandberg inquired why he did not have them broken down. Mr. Reynolds stated that the figures were in fact broken down in the Budget Request. Mr. Borer asked what the relationship was with last year, and said he did not know if the budget for last year was prepared on the same basis as this year. Mr. Strandberg asked Mr. Reynolds to furnish this information in breakdown form so that the committee can see a comparison of the figures with those of last year. Mr. Reynolds agreed to furnish the requested material.

Commodities
(400)

Mr. Reynolds continued with his justification of the increase in the court system budget, and explained Item 400 - Commodities. This minor increase is necessary, he said, for office supplies as a result of increased superior court activity.

Equipment
(500)

No increase is requested in this line item, said Mr. Reynolds, because requested funds were included in FY 67/68 budget for furniture for the two additional judges in the superior court in the third district.

Lands,
Buildings,
etc.
(600)

The justification for the increase in this item (600 - Lands, Buildings, Non-Struc. Imp.) according to Mr. Reynolds is for funds to remodel a storage area to provide a grand jury room. Prior to the addition of the two superior court judges one room had been used as a combined petit and grand jury room. However, due to the present shortage of space this is no longer feasible without disrupting the court calendar.

Mr. Borer reverted to the item on Equipment (500), and stated that Mr. Reynolds had been justifying increases in the budget request, and questioned the decrease under the equipment classification. He stated that the legislature authorized the sum of \$16,920 for this item last year and this year the court system is requesting \$13,500. Mr. Reynolds stated that in this year's budget request several items are less than they were last year. He said that

last year the court system needed new typewriters. This year new typewriters are not needed. If the court system can acquire some new equipment this year many items of equipment will not be required next year. He stated that the court makes extensive use of surplus property for their offices. Three electric adding machines and eight manual typewriters have been so purchased for magistrate offices. The court system is required to furnish the magistrates with typewriters.

Mr. Strandberg asked the court members for a breakdown on Item 300 - Contractual Services, and Mr. Sassara interjected that this item is broken down in the budget.

Mr. Strandberg inquired of the court members the reason for their having increased jury fees, to which Mr. Reynolds replied that it was because they have two new judges and the trials have increased. Mr. Strandberg asked about the rate of payment and was told by Judge Nesbett and Mr. Reynolds that the rate had not been increased, but that per diem for out of town witnesses was increased from \$9.00 a day to the same rate of per diem as any state employee. A notice of the increase of per diem of out of town witnesses was circulated to all state departments informing them of the proposal. The Chief Justice was informed by Senator Ziegler that if the court did not increase the witness fees that the legislature would. Mr. Strandberg questioned the authority of Senator Ziegler on this point and stated that

he did not remember this question coming before the finance committee. Judge Nesbett replied that he did not say that it did come before the committee. Strandberg asked the judge how he could raise these items without coming before the finance committee. Nesbett said that the attorney general favored the increase and presumably took care of the budget request. He just notified everyone who would be affected by the change. Strandberg pointed out that if these items are not put into a budget it results in a supplemental budget or the taking of funds from another part of the budget. Nesbett said he was aware of this and was very careful that the atty.gen.knew about this so he could include it in the Department of Law budget, and that court system became a part of this only because Senator Ziegler had informed them that if the court did nothing about the increase, that the legislature would.

Senator Blodgett asked about the bill before the committee on increased witness fees. Nesbett said that it was not introduced because the change in the fees was made by court rule. It was pointed out that Don Burr was attorney general at the time the rule of court was made. Senator Brady pointed out that the finance committee did not allot money for this increase, and therefore the sum was not expended. Nesbett agreed.

Mr. Reynolds continued with his letter of justification on increases in the district and magistrate courts.

Personal
Services
(100)

The amount of increase in these courts is \$95,500 over F/Y 67-68, and he presented the following breakdown: \$8,900 is necessary, he said, for the addition of a part-time deputy clerk of court to assist the district court in Kodiak, addition of a part-time deputy to assist the magistrate court in Kenai and the appointment of a magistrate in Unalaska. The sum of \$54,958 is felt to be necessary as the result of the 1967 overall employee salary raise effective 7/1/67. A part of this increase is for the new magistrates in Northwestern Alaska and the budgeting of all district judges at the statutory maximum salary for F/Y 68-69. He qualified this justification further by saying that the court is budgeting the statutory maximum salary because in the fall the judicial council will be required to appoint all 15 positions, and on that contingency they are budgeting the maximum amount. Sen. Blodgett stated he feels it unnecessary for these positions to be filled by lawyers. Reynolds said that it was required that they hire lawyers if they are available, though laymen might apply. Blodgett said he did not subscribe to that, and said he felt laymen make good district judges. Engstrom agreed with Blodgett. Blodgett said that they have the salaries of district judges up to \$17,000 a year, and wondered where it will stop. He said by using laymen in these jobs good laymen can be hired, whereas when lawyers are hired only the poor lawyers are hired. In answer to Strandberg's question if

the statutes require the hiring of attorneys for the job of district judges, Nesbitt replied that by interim agreement non-lawyers can be hired. Engstrom asked if district magistrates must be lawyers, and Nesbitt replied that they do not.

Travel
(200)

Mr. Reynolds proceeded with his presentation. This amount (\$10,000) was allocated in F/Y 67-68 for travel costs involved with the training program for fourteen new magistrates in Northwestern and Northcentral Alaska. Funds for this project were made available by the federal government through O.E.O., so state funds allocated for this project were then lapsed. The court system would like to have more training conferences particularly in the Northwest and Northcentral parts of Alaska, and they would like to continue with this program to improve the quality of service rendered. He stated that everytime they can obtain federal money for this purpose they will use it. Senator Phillips asked what kind of rule book was given to the magistrates, and was told that this was the revised Magistrates' Handbook, which contains all rules of procedure, fee schedules, etc. The book is written with the layman in mind. After an initial request by Senator Blodgett for a copy of the book, Mr. Strandberg asked that each member of the finance committee be furnished with a copy. Mr. Reynolds said that this would be done when the book is received from the Michie Company with the recent revisions.

Contractual
Services
(300)

The amount of \$41,340, said Mr. Reynolds, is necessary due to the leasing of courts and court offices in eight

magistrate locations from the Alaska State Housing Authority, replacing court offices formerly located in magistrate's homes and other inadequate buildings. It also includes an increase of \$2,000 in jury fee allocations in Southeast Alaska and an increase of \$3,500 in autopsy costs based on prior years expenditure. Mr. Borer again requested that every page be filled in with the missing sections, and Reynolds agreed to do this. Mr. Sassara inquired of the location of the magistrate court at Galena, and Judge Nesbett replied that it is in the home of the magistrate, which is also a roadhouse. Mr. Strandberg said that it is pretty hard to get around that sort of thing in some places in Alaska. Senator ^{Blodgett}/asked of Reynolds a breakdown of the \$41,340 increase in this item, and Mr. Borer stated that the breakdown is in the budget request. Senator Brady suggested that the budget books of the witnesses be numbered the same as those of the committee members, and Mr. Strandberg asked the court members to number their book to conform to that of the committee members.

Commodities
(400)

The total increase in this item is \$2,200, broken down as follows: \$1,100 necessary due to additional magistrate courts; and \$1,100 primarily for supplies due to increase in recordings and demand for supplies for duplicating and preserving records. There were no questions on this item.

Equipment

(500)

Mr. Reynolds told of the increased activity in Kenai, and referred to three exhibits attached to the court's justification of their increases and to a letter to the finance committee chairmen from the chief justice dated March 1, 1968, (see bill file for exhibits and letter) relating to this item of \$7,380.00 and \$954.00. in increases. These items include primarily furnishings for court space in Kenai. Senator Phillips questioned the necessity of having high ceilings in courtrooms. Nesbett told him that atmosphere in a crowded courtroom can be dismal in a low-ceiling room and ventilation is poor when crowded with people. Also, the judge's dais is high, thereby necessitating a higher ceiling. Senator Blodgett asked if the housing situation in Kenai is just a temporary measure, to which Reynolds replied that they are hoping to get something which will last for a long time. He said that as it is they will just barely get a new facility before they lose their present lease in Kenai. They checked with the Department of Public Works to determine if the state plans to build a facility for all state agencies in Kenai before they contracted for private space. The department made such a study at the court's request, and determined that such a state building is not feasible at this time. If Kenai does not continue to develop then such a building would be a waste. The court now is negotiating for a four or five year lease with a years option as it hesitates to

obligate the state or the court system for a longer period in view of the unstable nature down there. Senator Blodgett agreed with Phillips on the matter of ceilings in courtrooms being too high and said he would rather have larger rooms and ventilation control than high ceilings. Reynolds said he had found they could get a 11' ceiling for approximately the same price as one at 10'.

Senator Engstrom left the meeting.

Mr. LaRocca (AP) left the meeting

Mr. Poulson entered the meeting.

Mr. Strandberg asked what the court system would do if this money is not appropriated, and Reynolds said that space in Kenai is at a premium and that bid of a prefabricated building by Bentco was 59¢.

Senator Blodgett moved and asked unanimous consent that the Senate Finance Committee direct the Commissioner of Administration and representatives of the governor's office to review the problem of space for the court system at Kenai, and come into the finance committee with their recommendations. Dr. Haggland objected. After a brief discussion Dr. Haggland withdrew his objection, and there being no objection, it was so ordered.

Mr. Sassara asked about the negotiation of the bid, and Senator Phillips pointed out one of the reasons that the court system put in their recommendations to the contractor and this is why the rates on these buildings are so high.

In reply to a question from Mr. Borer regarding telephone charges, Judge Nesbett pointed out that judges and clerks receive calls from magistrates all the time and because Anchorage is the site of the administrative office they receive most of the calls in that city.

Mr. Strandberg asked of Judge Nesbett, "If we have to cut your budget back about \$300,000 where should we cut it percentagewise?" He then said that this is the largest increase of all the state budgets.

Senator Blodgett read from the statutes (22.160) regarding district judges, and stated that many laymen were capable of becoming good district judges. He suggested that costs could be brought down in this area, by hiring laymen as judges and reducing salaries. Mr. Strandberg suggested that it would be difficult to have that statute repealed.

Mr. Strandberg asked the Chief Justice once more where the court budget could be cut if the finance committee found it necessary to do so. He stated that the committee does not want to cripple the court. Nesbett replied that much of the increase was due to the increase of justices & judges in the court system, and said that the court had always been realistic in its presentation, and if they do not spend the money they always lapse it. Strandberg asked about the salary rate of the district judges and was told by

Nesbett that the rate was \$17,500, and there are 15 district judges involved. Phillips asked what if good lawyers do not apply for these positions, and Nesbett replied that if the court does everything that is necessary they will certainly apply. Formerly the court had only one lawyer/^{-judge}sitting in the district court in Southeastern Alaska. Now there is a lawyer in Ketchikan, one in Wrangell, one in Juneau and one in Sitka. He said that if they do what is necessary they will get the results they want. Phillips suggested that the salaries will continue to rise. Nesbett said that as time passed the judges will gain tenure and will be in the jobs to stay.

Mr. Strandberg told the court witnesses that he assured them that if they plan any drastic cut in their proposed budget they will be advised well ahead of time. Mr. Reynolds told of how well the chief justice scrutinizes the budget. Mr. Strandberg commented that the administration had not reviewed the court budget and stated that finance committee would like to have the budget review committee review the budget, and told of how it was impossible for the governor to bring down a balanced budget unless he had reviewed all budget requests. He told the court they had no greater autonomy than the University and that the University budget had been reviewed. Mr. Strandberg said he hoped the court and the administration could work out this problem so that they could review the budget next year. He feels that the

finance committee had always dealt fairly with the court. Judge Nesbett stated that it was erroneous that the court system had by-passed the governor. He said they came down as they always do and justified every line of the budget with the governor's budget committee, and when they were finished they were told they had a good, understandable, sound, lucid budget. The judge said they have never attempted to by-pass the review committee. Senator Blodgett said that when the committee reviews the budget the department request is set forth and the governor's allowance is set forth, and the request is still there for the finance committee to review and those requests are not overlooked by the finance committee. They are considered whether they are approved or not. Mr. Strandberg stated that the court system had done a good job on their budget, but that the committee must consider the long range program. The governor's tax measures must conform to all programs. He said the committee does not always agree with the governor's review board and in many instances the committee allowance is greater than that of the administration. Nesbett again stated that the budget was reviewed line by line by four men on the governor's review board. He said the court did not ask to avoid a review. Strandberg reiterated that the governor's budget is only his recommendation as to what should be spent, and that review determines the spending level. Senator Blodgett concluded the meeting by complimenting the district judge in his district.

Adjournment: The meeting adjourned at 9:30 a.m.

HOUSE FINANCE COMMITTEE MEETING

March 7, 1968

1:30 p.m.

Present: All members of the House Finance Committee were present except Messrs. Ray and Sassara. Also present were Representative Tom Fink and Commissioner Robert Ward, Department of Administration.

HB 534 am

Mr. Strandberg opened the meeting and announced that the committee would consider HOUSE BILL NO. 534 am (relating to state's contribution for state employees covered by group life and health insurance). Mr. Strandberg explained to Mr. Ward that the bill had been reported out of the Finance Committee earlier, but had been returned from the calendar to the committee for further review and recommendation because of amendments made in the House. He asked Mr. Ward if he had gone over the amendments. Mr. Ward replied that he had. Mr. Strandberg then read a memorandum he had received from Mr. Ward relative to this legislator (in HB 534 file).

Messrs. Ray and Sassara entered the meeting.

Mr. Strandberg asked Mr. Ward if the feeling of the Department of Administration was still the same as expressed in the memorandum. Mr. Ward stated that basically it was. Mr. Ward then reiterated his stand that the amendment as proposed by Mr. Fink would open the door to the state having to pick up a share of the costs for dependent coverage. He felt that the increase authorized in this bill for employee coverage to be paid by the state would enable the state to have changes (deductible from \$100 to \$50) made in the

present plan which would satisfy the complaints the majority of the employees have had about the present plan. He also felt that with the new amount to be paid by the state, the insurance companies would bid on this amount and would not take advantage of the employees with arbitrary increases in dependent coverage premiums.

He said that in their analysis of the program it was felt that the insurance companies would probably bid in the neighborhood of \$9.09 per month per employee coverage which would amount to about a 21% increase to the state for employee coverage and a 36% increase to the employee for dependent coverage.

Mr. Fink questioned where he had come up with these figures. Mr. Fink said he thought everybody is trying to get a program which the employee will like and also the state. He felt that his amendment would give the state an opportunity to receive bids which were not only satisfactory to the state, but would also help in keeping the cost to the employee down for dependent coverage. He also reminded the committee that lower rates for dependent coverage would undoubtedly increase participation in the dependent coverage plan. He cited various combinations of premiums and questioned how Administration would arrive at which combination would actually be the lowest bid. Mr. Ward replied that this would be a very difficult question to answer at any time--the total premium dollar is involved here, plus the payment for coverage received.

Mr. Fink said that the only employee cost is for dependent coverage, so for him the \$10 figure may be the lowest, yet a bid of \$7.50 would be the lowest for the state. Mr. Ward questioned whether Mr. Fink really thought there would be a bid of \$7.50 when the state is authorized to pay \$10. Mr. Fink replied that insurance companies are highly competitive and a program that would be stable would be much more attractive to them and would reflect in their bidding. The way to insure a more stable program is to increase the dependent participation.

Mr. Borer asked how much the state and the employee are paying now, and was told that the state pays \$7.50 per employee and the employee pays \$13.60 for coverage on his spouse and children. In reply to a question on why the participation is so low, it was explained that there are a great number of women employed by the state, and also some men, whose spouse is covered by another program--either industrial or federal--and are not interested in being under the dependent program.

Mr. Borer asked if the reason they aren't under it is because the spouse's coverage is a better deal -- what is wrong with the state program.

Mr. Strandberg noted that the Legislators are covered by this plan and he, personally, felt that the program had been very satisfactory until the deductible was raised to \$100. He asked Mr. Ward if there was a possibility the state would get a plan now similar to what it was previously.

Mr. Ward said he thought so. He stated that the ASEA had urged that a poll be taken of state employees regarding the insurance program and what they wanted. A questionnaire was prepared and sent to all state employees. The majority of those completing the questionnaire indicated they would be willing to pay more for dependent coverage if the deductible was reduced to the \$50. Based on figures received and discussion with New York Life, is how the department came up with the figure of \$9.09 or 21% increase for employee coverage paid by the state and the \$18.65 or 36% increase for dependent coverage paid by the employee.

Mr. Miller asked what percentage of eligible dependents are covered at the present time. Mr. Ward said about 50%.

Mr. Miller asked why this percentage was so low compared to Mr. Fink's statement earlier that the national average dependent coverage in group programs is about 75%. Mr.

Ward said that a large percentage of the state personnel do have spouses employed in other occupations who are getting their insurance under other programs and, also, there is the problem of enrolling the employees in the state program. He did not think the state was "selling" the plan as well as it should--there should be more follow-up by his department along this line.

Mr. Ray asked if the dependent coverage was raised from the \$13.60 to \$18.65, wouldn't it lessen the attractiveness of the policy and cut back on participation. Mr. Ward said the results of the questionnaire showed that the employees were willing to pay the additional premium for dependent coverage if the deductible was reduced to \$50.

Mr. Sassara stated that he agreed with Mr. Fink's analysis of the program. Mr. Strandberg said that it would be a whole new program. He added that this bill is an attempt to get back to the old program. He reminded the committee of the battle to get the state to cover the total cost of employee coverage and that this bill will open it up so if there is anything left over from the \$10 it could go over to dependent coverage.

Discussion followed covering the mechanics of bidding by the insurance companies and the philosophy of what constitutes the best program for the state and the employee.

Mr. Strandberg said he would have to leave the meeting, but for the committee to continue with discussion of the bill. He said he felt the bill should have been straightened out while it was in the State Affairs committee. He said the bill as amended by Mr. Fink is a new concept and that the committee should consider very carefully whether there is any danger in this new concept of continuous rising costs to the state. By accepting the amendment by Mr. Fink, the state will be breaking a precedent by starting to pay for dependents coverage.

Mr. Strandberg left the meeting.

Discussion continued covering cost factors and what would be most beneficial to the state and also the employee. Mr. Sassara brought out that regardless of whether Mr. Fink's amendment is accepted, the bill provides that the state will pay up to \$10 for employee coverage. He felt that the bids will be based on this figure and it should be up to the Department of Administration to deal with this figure and

come up with a policy that is most beneficial to both the state and the employee--even if part of the money is used toward coverage of the dependents.

Discussion was also held on why the raise in deductible was made in "mid-stream."

Mr. Pay and Mr. Miller left the meeting for sub-committee work.

Mr. Ward explained that it was the result of a premium adjustment at the beginning of the policy year. He was questioned on why this wasn't brought to the attention of the legislature last year and replied that they did not have enough information at that time. Discussion was held on how often the policy is put out to bid. It was brought out that the law requires that it must go out for bid every five years; however, it can go to bid more often if Administration deems it necessary. Mr. Sassara asked if we could be put in the position of having to go to bid every year. Mr. Ward replied yes, but it would be better not to go to bid more often than every three years and if the state received a good bid, it could live with it for 5 years with no problem. Mr. Sassara stated that he was in opposition of the policy going out for bid every year. It was understood that a bill had been introduced to make it necessary to go to bid every three years, but the status of the bill was not known.

There was a brief recess -- Mr. Fink and Mr. Ward left the meeting.

Mr. Haugen reconvened the meeting and said that HB 534 was before the committee to consider whether the committee will agree to the change in philosophy in that the state will contribute up to \$10 per month per employee, and amend the bill by deleting the portion "The state shall make no contribution for the employee's spouse or dependent children."

Mr. Strandberg returned to the meeting.

Mr. Borer stated that regardless of what Mr. Fink said, all the bill was doing was raising the \$7.50 limit to \$10 and he opposed the amendment.

Mr. Miller and Mr. Ray returned to the meeting.

In discussion the committee indicated it did not wish to discuss or consider the amendments offered by Mr. Holm and Mr. Stevens further.

Motion

Mr. Borer moved and asked unanimous consent that HOUSE BILL NO. 534 be reported out of committee in its original form with a "do pass" recommendation. Objection was heard. Discussion ensued regarding the effect of the amendment as proposed by Mr. Fink on the state program. Mr. Ray made the comment that he did not feel that the amendment opened the door to anything unless the Department of Administration wanted to. Various suggestions were made to improve or change the bill, but no action was taken on them. Mr. Strandberg again pointed out to the committee that with the amendment by Mr. Fink, there is a possibility that a portion of the \$10 paid by the state for employee coverage will be contributed to the dependent coverage and that this factor will be considered by the insurance com-

panies in submitting their bids. Mr. Sassara stated that he was in favor of the amended bill. Mr. Miller made the comment that Mr. Ward did not seem to be concerned one way or the other -- the committee agreed.

Motion

Mr. Sassara moved and asked unanimous consent that the committee amend Mr. Borer's motion that HOUSE BILL NO. 534 be reported out of committee with a "do pass" to a "do pass as amended by Amendment No. 1" recommendation. No objection being heard, it was so ordered.

Mr. Ray and Mr. Miller were excused from the meeting for subcommittee work.

HB 414

It was moved and unanimous consent asked that HOUSE BILL NO. 414 (authorizing implementation of the Alaska Native Housing Program) be considered by the committee. No objection, so ordered.

Mr. Sassara noted that there is no appropriation in the bill. Mr. Strandberg explained that it is enabling legislation which authorizes the Department of Administration to make available up to \$1 million as the state's share for implementation of this program. He said that they could make the appropriation in the budget as it doesn't take effect until July 1, 1968.

Motion

It was moved and unanimous consent asked that HOUSE BILL NO. 414 be reported out of committee with a "do pass" recommendation. There being no objection, it was so ordered.

Mr. Strandberg announced that the committee would meet again at 1:30 p.m. Meeting adjourned.

Adjournment

HOUSE FINANCE COMMITTEE MEETING

March 8, 1968

8:30 a.m.

Present: All members of the House Finance Committee were present. Mr. Jack Coghill, Mayor of the City of Nenana, and Mr. H. O. Williams, Superintendent of the Nenana Public Schools were present.

Mr. Strandberg called the meeting to order and asked Mr. [redacted] and Mr. Williams to proceed with their [redacted] presentation. Mr. Coghill said that the purpose of their presentation was to discuss with the committee the financial problems of the Nenana Public Schools and to show the committee the difficulties of typical small schools in Alaska to meet expenses under the Public School Foundation Act. He stated that they were not prepared to present the committee with a solution to the problem, but merely wished for the committee to understand that such problems exist.

Mr. Williams presented a chart for the perusal of the committee, which showed that expenditures in his school district exceeded the total of federal, state and local revenues. The cost of operating the school was less than the allocated funds of the Public School Foundation Fund until 1966. At that time the Nenana school plant was doubled in space. Mr. Strandberg questioned if the expenses included amortization, and was told that the

did not, and that the expenses were strictly operating expenses. Last year the school operated at a deficit of \$34,000 and this year the deficit is expected to be \$40,000. Next year, using current salary scales for teachers, the budget will be deficient by \$30,000. The teachers have indicated that they will not work for last year's salary, which will increase the deficit next year to about \$50,000. He stated that the school expenditures were in line with other small schools with similar enrollment, and the purpose of his presentation is to show that there is something wrong with the foundation program. He stated that some districts solve their expense problem by having more federal support, but there are not many federally connected students in Nenana, and Nenana is presently collecting the full extent of federal money allowable to them. Nenana received \$8,000 in federal support from the O.E.P. for flood replacement items, and both Mr. Coghill and Mr. Williams emphasized that federal support to their school is going steadily down.

Mr. Miller asked what their experience was with the state on shortfalls. Mr. Williams replied that the only shortfall the school anticipated is for emergency repairs and items which are not normally budgeted for, such as flood-damage. Mr. Miller also asked if local revenues were dropping off and if there had been any difficulty in collecting taxes after the flood, to which Mr. Coghill replied that

the tax base was going to decrease and they do expect the tax revenue to go down. Mr. Williams stated that part of the support in 1967-68 was shortfall revenue from the city, which received it from the state. Last year the tax base dropped from \$2,300,000 to \$1,800,00 in Nenana, but was not entirely the result of the flood. Mr. Coghill stated that the city could no longer assess the leasehold of the federally owned Alaska Railroad. The leasehold interest goes down each year as the term of the lease narrows. The leasehold has five more years on the lease. The city has been assessing the leasehold at the original figure.

Mr. Strandberg asked what was the tax base, and Mr. Coghill stated that it is now 10 mills, which could be raised to 15, and the sales tax is 2%. The sales tax is dedicated to school construction. Mr. Strandberg asked if this could be changed, and Mr. Coghill replied that it could not without a vote of the people. Tobacco tax and sales tax are used for school construction funds. In answer to Mr. Strandberg's question regarding the existing fund for construction bonds, Mr. Coghill stated that the city must keep a cushion of cash in case they have an unexpected slump, and stated that when they have enough money in reserve they will cash out the bonds. Upon further questioning by Mr. Strandberg, Mr. Coghill said the city dedicated the

funds in an agreement with the state at the time of the construction of the school addition in 1965. Mr. Strandberg suggested that when they have the fund up to a certain amount they can get the use of the money over and above that amount, and it looks to him that there is quite a sum of money "sterilized" there. Mr. Coghill agreed that they could have paid the contractor more and thereby reduce the loan, but they want to keep a cushion for emergencies, and they do not care to get capital funds mixed up with operational funds. The tax program brings in about \$25,000 a year, but the actual collections are around \$19,000. Of that sum the city is paying about \$11,000 to the school. Mr. Strandberg suggested that if the ADM were raised, Senate Bill No. 88 would be of assistance. Mr. Williams agreed that it would certainly help, but added that the teachers in his school say they will no longer work at the state base pay when other teachers nearby are getting nine hundred dollars or more at the rural schools. Mr. Coghill said that the state is paying rural school teachers more than the Nenana schools can pay their teachers. Mr. Williams passed out the proposed salary schedule for the Nenana school. (See Education file.)

Mr. Strandberg left the meeting. Mr. Haugen presided.

Mr. Coghill stated that in order to keep their teachers, the difference between the amount paid to state teachers and that paid to the local teachers will have to be made up out

of local tax money.

Mr. Strandberg returned to the meeting.

Mr. Coghill stated that a tax load of 15 mills is as high as the City of Nenana can go and there is no way to broaden the tax base. If the situation continues as indicated on the chart the community cannot pick up the extra money to back up the school. Therefore he feels there is something wrong with the foundation formula, and suggested that the committee try to correct this discrepancy. Mr. Ray asked if Mr. Coghill had any suggestions for the improvement of the foundation program throughout the state, by using the same formula for completely state supported schools and for places such as Nenana which has the status of a municipality and has a tax base. Mr. Coghill said that he did not, and stated that this inaccuracy has existed for many years. He said Nenana had actually worked very well under the foundation program until they broadened their school to meet state standards by adding classrooms and added teachers.

Mr. Poulsen of the Associated Press arrived.

Mr. Coghill continued and said he thought perhaps the formula should be based upon the classroom space rather than attendance. The city is willing to raise the tax base to 15 mills, which will bring in another \$5,000, but even with administrative funds they will fall short by \$20,000. Nenana does not have a tax base for a larger increase. Mr. Strandberg asked what the teacher load is in Nenana, and Mr. Williams said it averaged 15 students.

Mr. Ray left the meeting.

Mr. Williams stated that some classes have 30 students and some merely four. He added that the school can handle 50% more students than it presently serves. Mr. Strandberg asked if the school was over-built. Mr. Coghill answered that it was not, and Mr. Sassara questioned this answer. Mr. Coghill said they had lost about 30 families as a result of the flood, and many families are leaving Nenana to homestead, or are moving to Anderson, a community near Clear. Mr. Williams added that the school can handle more students because of the disproportionate number of students in the classrooms.

Mr. Borer left the meeting.

In answer to a question from Mr. Sassara, Mr. Williams stated that the cost per student last year was \$1,012, which is in line with other districts and state schools. Mr. Coghill stated that Nenana has a large teacher turnover, and he feels this is due to the nearby 100% state operated schools paying more than the allowable sum at Nenana. He added that the state also subsidizes housing for the teachers. Mr. Strandberg said he thought the subsidy amounted to about \$70,000, rather than the \$35,000 Mr. Coghill mentioned. Mr. Coghill stated that the reaction of his own sons after seeing the Tok state operated school was that Nenana should disincorporate in order to be qualified for such a lovely school. He stated that areas which are making no effort to

assist themselves seem to have better facilities than the those who are trying to help themselves. Upon questioning, Mr. Williams stated that the Tok facility offers a broader curriculum than Nenana. Coghill said small districts with under five hundred students have certain fixed expenses which must be met.

Mr. Coghill suggested that the foundation program be reviewed in the light of smaller schools, and he feels all small schools in the state face similar problems.

He stated that the state is going to build a six million dollar school at Anderson, which is near Clear, and he indicated that many residents will probably move close to the new school so that their children will have the new school facility and the parents will not have to pay the 15 mill assessment in Nenana. Mr. Coghill repeated that he did not know how the school district can raise the additional money needed for the next school year. Mr. Williams added that the teachers want a base pay next year in keeping with the larger school districts at Anchorage, Kenai and Fairbanks.

Mr. Strandberg if the use of tobacco tax and sales tax could be changed, and Mr. Coghill stated that these taxes are to be used only for amortization of the building or bond retention fund. This formula was based upon sales tax and bond retention. Mr. Strandberg asked what would happen if

the state can agree to pay part of the construction costs and relieve some of the sales tax for operation expenses. He then asked when the City of Nenana was incorporated, and Coghill said, "In 1923, under the Alaska Engineering Commission".

Mr. Strandberg explained how the Chugiak school was built by the state with the agreement that Chugiak then would become a part of the Anchorage school district. However, the mandatory borough act was passed in the interim. He stated that ADM and SB 88 can be of assistance to some schools, but only those schools with a construction program are aided. Mr. Strandberg left the meeting.

Mr. Coghill emphasized that it had not been his intent to question the facilities or salaries of the state schools, but that he was merely trying to point out the problem of the small schools operating under the foundation program. The possibility of a state sales tax as a solution was discussed, and Mr. Haugen explained how this solution would be disagreeable in his district. It was suggested that Nenana could disincorporate. Mr. Coghill agreed that if the problem could not be solved otherwise that Nenana would have to have a state operated school, as a small town cannot pick up the necessary money needed for the operation of its own school. Mr. Haugen agreed that the superintendent did have a problem when competing with the state for teachers, and stated that the superintendent was faced with the

need to provide his students with the best possible curriculum.

Mr. Coghill again stated that he was here to show what is happening in a small school district, and suggested that perhaps an amendment to the existing act, which would add a clause pertaining to schools with 300 students or less, could be considered. It was the concensus of the committee that the chairman did not wish to tamper with the program.

Recess: The meeting recessed at 9:45 a.m.

HOUSE FINANCE COMMITTEE

March 8, 1968

1:40 p.m.

Present: All members were present except Mr. Borer who was excused.

Mr. Freer was also present.

Department
of Law
Code 100
Personal
Services

Mr. Miller and Mr. Ray presented the budget for the Department of Law for close-out. The Governor allowed 12 new positions for FY 68-69. John Sackett asked with the two new investigator positions added how many investigators that made in total. Mr. Miller answered three. Mr. Strandberg asked how many of the Law Department positions are filled, and Mr. Ray said that the Department has said all of them are, although he personally knows of a couple persons who have recently quit. The subject of an addendum to the Law budget was raised. Mr. Strandberg asked Mr. Freer if a memo was coming through from the Governor's office on this. Mr. Freer said yes, one was, and further stated that the additional request is for two additional attorneys and one secretary, in addition to what has been already asked for. Mr. Strandberg said that if they were included, contractual services should go down. Mr. Freer said that the Department wants an experienced civil trial attorney and someone to review proposed contracts. Mr. Miller said that this is not what the testimony to the subcommittee was. He stated that the subcommittee had been told the two extra attorneys were wanted in the field of consumer fraud litigation. Mr. Freer said that the total for the two Attorney V positions and one Secretary for the Juneau Attorney General's office is \$50,000. He elaborated on the reasons for the attorneys, saying that it was felt an experienced civil trial attorney would be a time and

money saving addition to the staff. Mr. Strandberg asked if this position could be the same as the consumer fraud attorney, but Mr. Miller said no, since consumer fraud is a criminal action. Mr. Freer continued that the other attorney is to be strictly for reviewing contracts. Mr. Strandberg asked Mr. Miller when the subcommittee had reviewed this, to which Mr. Miller replied last week. Mr. Strandberg asked to have Kent Edwards brought down to the meeting. Mr. Sackett stated that the entire law budget had been increased by 26%. He asked why, when all other budgets have been cut. Mr. Miller said the increased staff and reflections of an increased staff account for the increase. Mr. Ray added that it was felt more people were necessary to bring justice and protection to the public. Mr. Freer said that the intent was partly to "beef up" the District Attorneys' offices, especially in Anchorage. Mr. Strandberg said that there have been many complaints about the DA offices in Anchorage. Mr. Miller said that the subcommittee goes along with the three positions in Anchorage, but is somewhat skeptical about the Kodiak position. The three positions, Mr. Freer said, are actually going to be funded out of interagency receipts; the funding as far as law goes shows up in interagency receipts. Mr. Ray indicated that there should be some provision that if there is not a highway attorney hired, as in past years whenever provided for to his recollection, that the money be returned. The question was raised as to where the consumer fraud offenses were taking place. Mr. Miller said that particularly in land sales and especially in the Anchorage area. Mr. Strandberg asked if the subcommittee was ready to give a figure on personal services. Mr. Miller said they are willing to go along with all of the Governor's recommendations

except for the district attorney and secretary in Kodiak. Mr. Ray stated that he was not too satisfied about the various investigators in different offices. There was some discussion on investigators and their necessity in pre-trial work. It was mentioned that when the DA's do the pre-trial work themselves, it is a waste of money. Mr. Ray raised objections to the Attorney General's office and Department of Law being a training ground for young attorneys who work there only a short time. He said that he is willing to upgrade some of the positions to get qualified people and drop some of the lower positions. The figure \$978,430 was recommended, the cut being due to removal of the two Kodiak positions. Miller moved that the figure be unanimously accepted. Messrs. Sassara and Sackett objected. Mr. Ray moved the motion be placed on the table. Mr. Kent Edwards of the Attorney General's office came in at this time. Mr. Strandberg explained that there was a difference between what the subcommittee and Mr. Freer had heard regarding the two additional attorneys being requested. Mr. Edwards indicated that there must have been misunderstanding on the part of the subcommittee, that the attorneys were intended for the purposes Mr. Freer had indicated. Mr. Strandberg questioned Mr. Edwards on the consumer fraud matter. A need for an attorney or even two in the field of consumer fraud was indicated, and the possibility of one of the attorneys doing consumer fraud work was mentioned. Mr. Edwards was then questioned on the Kodiak position. He stated that the Governor feels very strongly that the people in Kodiak are not receiving adequate protection. Mr. Ray stated that he felt Bethel should have a district attorney before Kodiak. There was some discussion on this matter. Mr. Edwards then

explained the need for an attorney (one of the additional two attorneys being requested) to do contract work. He said that if the state had a contract expert, who read and signed all state contracts, the state would save a good deal of money that is now lost in suits that could have been prevented had the contract been written properly. Mr. Edwards left the meeting and Mr. Strandberg returned. Mr. Miller said that the subcommittee still stands firm on the opinion that the Kodiak position should be deleted. Mr. Miller said that there is no Superior Court in Kodiak, so the DA probably would not have sufficient work to keep him busy. Since the Anchorage staff is being increased, he suggested waiting a year to see how much that improves Kodiak protection. Mr. Miller again recommended the figure \$977,430. Mr. Strandberg said that since the memo on the two additional positions had not been received, it would be handled separately. Mr. Miller moved the figure \$977,400 (a correction of the \$977,300) be unanimously accepted, with specific reference to deleting the district attorney and secretary at Kodiak. No objection, so ordered.

Cut
Total
Personal
Services

Code 200
Travel

The Department request for travel was \$65,700. Mr. Edwards had justified this by asking district attorneys all over the state how much travel they thought they needed, and then totalling it up. Mr. Freer said the Review Committee was trying to hold the figure to the present year's level, but recognizing that there are new positions, they added \$5,000 to last year's. This is an \$1867 increase over 1966-67. Mr. Ray said that as of June 15, the inter-departmental exchange of money goes back and forth to cover any deficiencies. Mr. Ray moved and asked unanimous consent that the figure \$35,000 be accepted. No objection so ordered.

Total

Code 300
Contractual
Services

The Governor's recommendation was \$230,400. It was stated that there must be an adjustment in Code 300 because of the Kodiak deletion in Code 100. The Department request for Code 390,

Code 390
Witness Fees

Witness Fees & Expenses, was \$96,000, which the Review Committee cut by half to \$48,000. The Department request had been projected on the new rate the Chief Justice had recommended. Mr. Miller said it is his recommendation to give the Department the \$96,000, with the provision there be no way to transfer these funds. Mr.

Legislative
Intent

Strandberg said this would be put in a letter of Legislative Intent. Mr. Ray said he was in favor of this as long as it went through the proper channels in the Governor's Office first.

Code 380
Prof. fees

Mr. Miller said that since the personnel is being increased there shouldn't be as much work to contract out. Mr. Ray raised objection to the word "consulting specialist". Mr. Miller again asked if this work shouldn't go down with all of the new people being added. It was mentioned that the 67-68 figure is considerably higher than the \$35,000 with the supplemental; that it was approximately \$95,000, in fact. Mr. Strandberg indicated concern about cutting the Governor's allowance, because of the Smith case and the Lower Cook Inlet case now being worked on. Mr. Miller said he is willing to go along with the \$55,000 provided there be a provision against the Department coming up with another supplemental. Mr. Ray said he was not willing to unless the committee got a list of outside attorneys being contracted with.

Code 400

Commodities The Governor's Review Committee allowed an increase in commodities from \$13,800 to \$16,000 - an increase of \$2,200. The Department

Code 480

Office Supplies request had been \$25,400. Mr. Ray moved to strike \$1,000 from leaving a total of \$7,800 under Code 480.

Code 480, / Mr. Ray moved and asked unanimous consent that the figure \$15,000 be accepted. Mr. Sackett objected. Motion passed with a 5-1 committee vote.

Total:

Code 500
Equipment

The Budget Review Committee decreased Code 500 \$2,000 from this year. Mr. Ray said the Department has made no complaint at this time. Mr. Ray moved and asked unanimous consent that the figure \$6,000 be accepted. No objection so ordered.

Total:

Code 700
Grants & Claims

The Review Committee decreased the Department request by \$1,000, allowing \$4,000. Mr. Ray moved and asked unanimous consent that the figure \$4,000 be accepted. No objection so ordered.

Total:

Code 900
Inter-agency charges

Mr. Ray moved to delete the \$600 to the Division of Buildings and the \$100 to the Division of Buildings. Mr. Ray moved and asked unanimous consent that the figure \$3,400 be accepted. No objection so ordered.

Cut

Total:

Code 300
Contractual Services

The committee reverted to Code 300. The 96,000 figure for witness fees was accepted, with the provision that a letter of intent be sent, and all references to Kodiak positions were deleted, the professional fees were cut \$20,000 to \$35,000, leaving a total contractual services figure of \$255,700. Mr. Ray moved and asked unanimous consent that the figure be accepted. No objection, so ordered.

Total:

(Cut)

Total
Dept. of Law

Mr. Miller moved and asked unanimous consent that the figure \$1,297,500 be accepted as the total figure for the Department of Law. No objection, so ordered.

Recess:

Mr. Strandberg ordered a 15 minute recess at 3:15.

After Recess

Office
of

Governor
Local Affairs
Agency

The meeting reconvened for work on the Governor's Budget. Mr. Miller stated that Local Affairs Agency was keeping about the same level. Mr. Strandberg said that knowing a little about this bond business, he would far rather see the Department of Administration or bond counsel give people in local areas some assistance on a project by project basis than see such provision made in this department. Mr. Freer stated that provision for this had been cut out because of the effort to keep expenditures at last year's level. Mr. Haugen expressed opinion similar to Mr. Strandberg's, stating he would rather see this aid with bonds under the Department of Administration or Department of Commerce. Mr. Miller stated he does feel there is a need for some kind of help and would like to see good help provided.

Mr. Miller moved and asked unanimous consent that the figure \$150,000 be accepted. No objection, so ordered.

Rural
Development
Administration

Mr. Miller stated that the increase is reflected in salary increases.

Travel

There is a slight increase in travel (\$8,100 to \$9,000). The Agency simply couldn't cover all of the areas with the expanded grant period they had been given. Mr. Miller said he felt the increase justified.

Cont Svc.

This is virtually the same as last year, with a minimal increase in charter aircraft.

Total: Admin

Mr. Miller moved and asked unanimous consent that the figure \$82,800 for Administration be accepted. No objection, so ordered.

Total:
Grants Claims

Mr. Miller moved and asked unanimous consent that \$365,000 be accepted by the committee. Mr. Ray objected and moved to amend to \$350,000. Mr. Sackett objected and stated that the program will be made

more of a capital improvements program . Mr. Ray withdrew his amendment, and there now being no objection, the increased figure of \$365,000 for Grants Claims, etc. was accepted. (This is an increase of \$5500).

(Increase)

Total:
Rural
Development

Mr. Miller moved and asked unanimous consent that the figure \$447,800 be accepted. No objection so ordered. Mr. Freer mentioned that the Neighborhood Youth Corps is still in the Rural Development Program but is 100% federally funded.

Contingency
Fund

Committee members examined the statement of contingency fund expenditures up to January, 1968, and there was some discussion on specific items in the list. Mr. Strandberg stated that it is his opinion that it is the Governor's privilege to use the contingency funds as he wills. Mr. Miller moved and asked unanimous consent that the figure \$100,000 be accepted. No objection, so ordered.

Total

WICHE

(increase)

There was discussion on reinstating the \$7500 which the Governor's Budget Review Committee had deleted from the request for membership in the WICHE council for mental health. Mr. Miller moved and asked unanimous consent that the figure \$74,700 (the \$7500 increase being for this membership) be accepted. No objection, so ordered. Mr. Strandberg requested that Mr. Walt Baldwin be asked to come to the meeting. An 8:30 Saturday morning meeting was announced, for work on the Labor budget. Mr. Sackett requested and was granted permission to be excused from the meeting, as he had a meeting scheduled with Natural Resources.

Total

Planning
and
Research

Messrs. Baldwin and McVey came into the meeting at this time. Mr. Strandberg asked reasons why this has gone into the Governor's budget. There was some discussion. It was stated that there is an increase in federal funds. Mr. Baldwin said that the only significant changes this year are the addition of 4 new positions,

which are being requested for capital improvement purposes. This is the reason for the Department request of \$183,730. \$116,530 of this is in federal receipts, and \$67,200 in general fund receipts. The question of duplication in Planning and Research and ASHA programs was raised. Mr. Baldwin indicated there wasn't real duplication. Mr. Strandberg requested a review of types of projects Planning and Research is working on. Questions and discussion followed on functions of planning and research. The new positions were discussed. The job of the Capital Improvements planner is to review plans for state capital expenditures, for state projects, to coordinate them all; the associate planner would work with cities and boroughs in local planning and work with Local Affairs. The question was raised whether the director would consider all state planning. Mr. Strandberg asked if items such as highways, schools construction, etcetera, would be included, and Mr. Baldwin answered yes. Mr. Miller moved and asked unanimous consent that the figure \$183,700 be accepted. No objection, so ordered.

Total:
Planning &
Research

Tokyo
Office

It was stated that this division would be held open.

Adjournment The meeting was adjourned at 4:50 p.m.

HOUSE FINANCE COMMITTEE MEETING

March 9, 1968

8:30 a.m.

Present:

All members of the House Finance Committee were present except Mr. Borer who was excused. Also present was Mr. Richard W. Freer, director of the Division of Management, Department of Administration.

Department
of Labor
Closeout

Mr. Strandberg opened the meeting and stated that the committee would consider the Department of Labor budget request. He turned the meeting over to Mr. Ray.

ADMINISTRA-
TION

Personal
Services
(100)

Mr. Ray explained that the decrease requested in this item was transferring of two positions, one to the Workmen's Compensation Division and one to the Wage and Hour Division. Mr. Ray moved and asked unanimous consent to accept the figure of \$131,100. No objection, so ordered.

Travel
(200)

Mr. Ray noted that the department had requested an \$8,000 increase in this item and the Governor's review committee had cut it back to last year's level. He stated that with the additional mediation services, enforcing the local autonomy law and general increase in activity in these areas, he would like to give the department an increase of \$4,000, making the total for this item \$14,000. Mr. Ray moved and asked unanimous consent that the committee accept the figure of \$14,000. Objection was heard from Mr. Sassara. Mr. Ray stated that this new figure would take the department back to the 1966-67 level and with the new activities the department will need the money. Mr. Strandberg stated that the department is also being requested to perform additional services for ASCAP and

(INCREASE)

Local Autonomy. Mr. Freer was questioned on why they had decreased the request and he replied that the review committee had been given a general policy of holding the line on travel.

Mr. Sassara removed his objection. There being no further objections, the figure of \$14,000 was accepted.

Contractual
Services
(300)

Mr. Ray noted that the department had requested an increase of \$3,500 which had been denied by the review committee.

Mr. Ray moved and asked unanimous consent to accept the figure of \$35,200. No objection, so ordered.

Commodities
(400)

Mr. Ray stated that the department had indicated they could get by with the Governor's allowance. Mr. Ray moved and asked unanimous consent to accept the figure of \$3,400.

No objection, so ordered.

Equipment
(500)

Mr. Ray said the department has no objection to this figure. He moved and asked unanimous consent to accept the figure of \$800. No objection, so ordered.

Intra-Agency
Charges

Mr. Ray explained that this figure is the Department of Labor share to Department of Admin. for data processing charges.

Mr. Sackett was excused to attend another meeting.

Fishermen's
Fund

There was some discussion regarding the fishermen's fund. Mr. Ray stated that the commissioner did not feel that his office received these funds last year as they were appropriated into the general fund. Mr. Freer explained that it was a matter of bookkeeping--expenditures are made out of the general fund and the fishermen's fund was reim-

bursed. The money was appropriated to the department fund this year.

A question was raised on why the committee was not discussing the \$2,000 under Intra-Agency Charges. Mr. Strandberg explained that the committee was ignoring that item in all the budgets now and would go into it when they review the Department of Administration budget.

TOTAL
ADMINISTRATIVE

INCREASE

Mr. Ray moved and asked unanimous consent to accept the total of \$186,500 for Department of Labor Administrative section. No objections, it was so ordered.

LABOR LAW
ENFORCEMENT

Personal
Services
(100)

(Increase)

Mr. Ray started to discuss this item. Mr. Strandberg noted that there is a memo in the committee which reinstated four new positions--2 in Labor Law Enforcement and 2 in Workmen's Compensation--and read the memo to the committee. Mr. Freer said that a new budget had been submitted for this program as requested by the Governor. The Governor's allowance had been increased as follows: Personal Services, \$18,300; Travel, \$1,000; Contractual Services, \$600; Commodities, \$400; and Equipment, \$700, or an increase for Labor Law Enforcement of \$21,000. Mr. Miller noted that the review committee had decreased the salaries of all personnel (page 23). Mr. Freer said that it was because all salaries had been put in by the department at Step F and they had been adjusted to Step C as required in the instructions for preparation of the budget request. The only time that allowance is made for requests at a higher step is if the department has come in and justified the request prior to the time

the review committee goes over the budget.

Mr. Ray moved and asked unanimous consent to accept the figure of \$190,100 for Personal Services. No objection, it was so ordered.

Travel
(200)

Mr. Ray noted the cut back in this request and questioned it in the light of increased activity by the oil industries and services to be performed in this area. Mr. Freer explained that they had followed the general policy, but had increased the amount \$2,500 over what had actually been spent last year. Then increased it another \$1,000 at the request of the Governor.

Mr. Ray moved and asked unanimous consent that the figure of \$26,000 be accepted for Travel. Objection was heard from Mr. Miller. Mr. Miller stated that he thought the figure should be \$30,000.

Mr. Miller moved and asked unanimous consent that the figure of \$30,000 be accepted by the committee. Objection was heard. A vote was called for and the motion to accept the figure of \$30,000 passed 4 to 1.

(INCREASE)

Contractual
Services
(300)

Mr. Ray noted that this item was at the same level as the previous year, with an additional \$600 in the revised budget. Mr. Ray moved and asked unanimous consent that the figure of \$11,600 be accepted by the committee. No objection, so ordered.

Commodities
(400)

Mr. Ray explained that the increase requested was for the new positions. The increase was denied but later a new figure of \$1,800 was put in.

Mr. Ray moved and asked unanimous consent that the figure of \$1,800 be accepted for Commodities. No objection, so ordered.

Equipment
(500)

Mr. Ray noted that the original request for an increase in this item had been denied, but the revised budget request had given back \$700. As there was no quarrel on this Mr. Ray moved and asked unanimous consent that the figure of \$700 be accepted for Equipment. No objection, so ordered.

Short discussion followed regarding the fishermen's fund and it was stated that this is the same as shown under Administrative.

In discussion relative to the Boiler Fund, Mr. Freer stated that this fund, along with some others, is being eliminated requiring new funding. He stated that he would like to wait until the committee was through with their review and then come back and take them all up at once if it was all right with the committee. The committee agreed to this.

TOTAL

(Increase)

Mr. Ray moved and asked unanimous consent that the total figure of \$234,200 be accepted for Labor Law Enforcement. There being no objection, it was so ordered.

WORKMEN'S
COMPENSATION
Personal
Services
(100)

Mr. Ray noted that the revised allowance for Personal Services had allowed for the additional 2 positions in the amount of \$15,000. Mr. Freer noted that the new total is \$63,400 and that the department had not requested anything in addition to these two positions.

Mr. Ray moved and asked unanimous consent that the figure of \$63,400 be accepted for Personal Services. No objection, so ordered.

Travel
(300)

Mr. Ray noted that this item had been reduced \$300 by the review committee and he felt with the additional workload it should be upped \$500. Mr. Ray moved and asked unanimous consent that the figure of \$10,500 be accepted for Travel. No objection, it was so ordered.

(INCREASE)

Contractual
Services
(300)

Mr. Ray noted that this request had been cut originally \$900 by the department and that the Governor's review committee had cut it back another \$600. The department has indicated they do not object to this figure. Mr. Ray moved and asked unanimous consent that the figure of \$6,300 be accepted for Contractual Services. No objection, it was so ordered.

Commodities
(400)

Mr. Ray stated that the requested increase had been for additional dividers for the open filing area. Mr. Ray moved and asked unanimous consent that the figure of \$2,500 be accepted for Commodities. No objection, it was so ordered.

Equipment
(500)

Mr. Ray stated that the department request had included funds for new typewriters for the new positions. Mr. Freer said they left in enough money for the filing equipment. Mr. Ray said he thought they needed typewriters for the new people. Mr. Freer said that the department had not changed the amount in the revised budget. Mr. Ray moved and asked unanimous consent to increase the figure of \$300 to \$500 for Equipment be accepted. No objection, it was so ordered.

(INCREASE)

TOTAL
WORKMEN'S
COMPENSATION
(increase)

Mr. Ray moved and asked unanimous consent that the figure of \$83,200 be accepted for Workmen's Compensation. No objection, it was so ordered.

GOVERNOR'S
COMMITTEE ON
EMPLOYMENT OF
THE HANDI-
CAPPED

Mr. Ray said that there is no change in this figure from last year and moved and asked unanimous consent that the figure of \$3,200 be accepted for the Governor's Commission on Employment of the Handicapped. No objection it was so ordered.

TOTAL

EMPLOYMENT
ADVISORY
COMMISSION

Mr. Ray noted that this function has been transferred from the Governor's Office to the Department of Labor and that the Governor's Allowance is down \$400 from the amount authorized last year. A short discussion followed relative to the consolidation of the Employment Advisory Commission and the Man Power Advisory Commission. Mr. Miller questioned the cut of \$300 in Personal Services when there is only one employee. Mr. Frer said that the review committee felt there was enough money in this program to take care of that.

TOTAL

Mr. Ray moved and asked unanimous consent that the figure of \$22,900 be accepted for the Employment Advisory Commission. No objection, it was so ordered.

EMPLOYMENT
SECURITY
DIVISION

It was noted that this program is fully financed by the federal government. It is understood that the division is being reorganized with more emphasis on training.

Mr. Ray moved and asked unanimous consent that the committee accept the figure of \$3,017,500. No objection, so ordered.

TOTAL.

SECOND INJURY
AND BENEFITS

Mr. Ray asked if there were any questions regarding this program. It was noted that an error existed under Item 900 in the Governor's Allowance column and the figure was corrected from \$4,000 to \$40,000. Mr. Freer explained the the funds in this used to be split between administration and receipts. They have now changed the format so that the total cost is in one place and showing the inter-agency receipts to the spending departments.

Mr. Ray moved and asked unanimous consent to accept the figure of \$45,000 for the Second Injury Fund Benefits.

No objection, it was so ordered.

TOTAL

SICK AND
DISABLED
FISHERMEN'S
BENEFITS

It was explained that the increase of \$25,000 under inter-agency charges is broken down with \$15,000 to the Department of Administration and \$10,000 to Labor Law Enforcement Division to fund both programs in administering the Fishermen's Fund. It was mentioned that it is understood that a bill has been introduced doubling the license fees which will double the income to be used in this program. Mr. Strandberg said that he understood that there was serious consideration of a death benefit being incorporated in this fund but that he would rather see a rehabilitation program to enable these sick and disabled fishermen to find other employment.

Mr. Ray moved and asked unanimous consent that the figure of \$175,000 be accepted for Sick and Disabled Fishermen's Benefits. No objection, it was so ordered.

TOTAL

DISASTER
ASSISTANCE

No request for funds under Disaster Assistance requested so did not need any action.

Adjournment

Mr. Strandberg said that completed the review of the Labor Budget. Meeting adjourned at 9:45 a.m.

HOUSE FINANCE COMMITTEE MEETING

March 9, 1968

9:45 a.m.

Present: All members of the House Finance Committee were present except Messrs. Sackett and Borer, who were excused, and Mr. Miller. Also present were Mr. Jack Coghill, Mayor of the City of Nenana, Mr. H. O. Williams, Superintendent of the Nenana Public Schools, Mr. LaRocca of the Fairbanks News-Miner, and Representative Holman.

Mr. Strandberg called the meeting to order, and called upon Mr. Coghill to continue the presentation of the Nenana Public Schools. Mr. Coghill stated that since his meeting with the committee yesterday, he and Mr. Williams had been discussing possible solutions to the Nenana school problem with state officials, and are now prepared to present these possible solutions to the committee. Mr. Strandberg stated that the committee is eager to hear of the proposed solutions, but is handicapped to act upon them until the return of Dr. Hartman, Commissioner of Education, to Juneau.

Mr. Williams began the presentation by stating that the \$30.00 daily membership increase seems likely to be passed by the legislature, and that this would be of great assistance to his district. He passed to the members a copy of the Proposed Teacher Salary Schedule under House

Bill No. 422, and stated that it was not his purpose to demean the state schools, but merely wished to point out the inequities to the small schools. The salary schedule shows that city and borough school minimum scale is \$1,100 less than state teachers scale. Mr. Williams proposed that small districts be supported on the foundation program not on the \$7,100 minimum scale figure, but on the actual pay scale of the state system. This would come to about \$17,500 of additional state support. Mr. Strandberg asked, "This is for a school district of what ADM?" Mr. Williams replied, "Three to six hundred; whatever it may be." He stated that a cost analysis had not been done, but that he would be glad to prepare such an analysis for the committee. Mr. Strandberg asked if it was their proposal that the state foundation program support teachers' salaries at the small schools below a certain ADM at the same level as they are now supporting state operated schools. Mr. Coghill replied that 300 ADM would be just about right, as the state teachers just a short distance from Nenana are automatically getting an \$1,100 raise. Mr. Strandberg stated that many small districts have a higher percentage of 874 money than Nenana, and if the committee adopted suggestion as set out it would amount to quite a windfall to those districts.

Mr. Miller entered the meeting.

In answer to a question by Mr. Ray, Mr. Williams stated that the pencilled in figures on the Proposed Teacher Salary Schedule (see Education file) are the actual salary figures for the Nenana school (computed by adding \$500 to the schedule figures, which is the additional amount for Area III - Election Districts 11, 12, 13, 14, 15 and 16 - which area includes Nenana). Mr. Coghill said the Nenana school has two problems: (1) the foundation formula is not holding true in this area, and (2) the competition of the small district with larger districts who have broader base and therefore pick up the good teachers from Nenana by promising them a higher salary. Mr. Coghill stated that Nenana could pay the teachers as much as they wished if they could raise the money, but as the situation now stands Nenana can't even meet the foundation program. Mr. Coghill stated that the Nenana school has only until next week to determine if they can meet the teachers' salary demands, and it now looks as if they will have to tell the teachers that they are unable to meet their wants.

In answer to a question from Mr. Miller concerning a proposal to increase the ADM in schools with less than 500 students, Mr. Coghill stated that his question would be answered by Mr. Williams. Mr. Williams stated that a proposed formula had been developed for the aid of the small schools, as follows: The total evaluation of the tax base of state and district schools divided by ADM (average daily membership) equals a figure of approximately \$22,000

per pupil. Several districts have less than state average. It is proposed that out of a supplemental appropriation the poor districts would be given an additional ADM allotment on a ratio inverse to the evaluation pupil figure. For example, with the state evaluation of \$22,000 per child and in Nenana \$9,000 per child, it would mean that Nenana has a ratio of nine over twenty-two of the state average. If an appropriation were made for \$60.00 per ADM, then Nenana would get 22/9ths or approximately \$140 per child. It is hoped that this would be applied to the entire state, and approximately eleven schools would be affected by this plan.

The meeting recessed to allow the members to attend the roll call of the House of Representatives at 10:00 a.m., and was reconvened at 10:10 a.m.

Mr. Strandberg inquired if the proposed formula had been discussed with the administration, and Mr. Coghill replied that it had been, however Dr. Hartman had not seen it. Mr. Coghill stated that Mr. Williams would be able to remain in Juneau until Dr. Hartman's return in order to discuss the proposal with him. To this Mr. Strandberg stated that he did not wish to put Mr. Coghill and Mr. Williams in a position of being told what to do.

Mr. Coghill stated that the passage of SB 88 has helped smaller districts, and feels inequity in pay scale of the teachers can be resolved by using the proposed formula

and taking the average and multiplying average school population of ADM versus the school district evaluation.

Mr. Strandberg asked if Nenana happened to be in a peculiar situation because of its location on the highway, or does the same situation apply to isolated areas such as Kake, Klawock, etc. Mr. Williams replied that the Nenana situation applies to all schools which have 100% state operated schools close by. Mr. Strandberg asked if they had analyzed the proposed formula on the basis of how each district will come out, to which Mr. Williams replied that he had not time yet to develop this point, and had not had time to compare the individual districts.

Mr. Coghill stated that one area chosen at random had been compared with Nenana. This is Skagway, which has a high evaluation and a low pupil ADM, and is on the other side of the inverse formula. Mr. Williams stated that the Skagway ADM is \$22,000. Mr. Strandberg inquired if the discrepancy was caused by the difference in evaluation of property.

Mr. Coghill stated that the state assessor found Nenana to have a drop in evaluation. As the leasehold of the Yutana Barge Company (with is on Alaska Railroad land) travels through the years of its lease, its evaluation drops also.

Mr. Ray said he would like to learn how many schools are in the same financial situation as Nenana. He was told there were eleven schools in the "gray area" and for eight schools the situation was serious. Mr. Ray stated that he

would prefer to attack the area from another approach rather than to attack the formula. Mr. Coghill stated that there was no need to touch the formula. All that is needed is the addition of a section which states that if it "goes below a certain mean average the new plan comes in to supplement".

Mr. Strandberg stated that the proposal would be discussed further next week when the committee meets with the Department of Education.

Recess: The meeting was recessed at 10:30 a.m.

HOUSE FINANCE SUBCOMMITTEE MEETING

March 9, 1968

11:15 a.m.

Present: Those members of the House Finance Committee who were present for the purpose of the Subcommittee Meeting were Messrs. Strandberg, Haugen, Sackett and Miller. Also present were Mr. Mel Personnett, Commissioner of the Department of Public Safety, and Mr. Richard W. Freer, Director of the Division of Management, Department of Administration.

Dept. Public
Safety
Budget
Review

Mr. Strandberg opened the meeting and stated that the sub-committee would consider the Department of Public Safety budget request.

Gen. Admin.
Commissioner
Office

Personal
Services:
(100)

General Administration: Commissioner's Office:

Mr. Strandberg noted that two positions (PCN 1-2 and PCN 0-7) have been transferred to the Division of Technical Services, and the salaries of the remaining positions have been changed due to salary increases granted by the legislature. The annual amount authorized for 67-68 was \$84,500. 1968-69 request is \$67,600.

Travel:
(200)

1967-68 authorized was \$4,000, cut to \$3,000 for 68-69 because department has transferred out two positions. Mr. Personnett stated that the two positions were not traveling positions, but Mr. Freer said he considered that some travel might have been involved.

Contractual Services
(300)

Rents and utilities as requested by the department are not allowed by Budget Review (\$3,200). Mr. Personnett explained that the space now occupied is inadequate and they must now utilize the hallway for enough space. He feels it is necessary for the department to move to a larger area, which will become particularly necessary if new programs budgeted for are allowed, and if the Juneau staff increases they will need more space. If they move they will need the amount requested. Mr. Strandberg asked if they now know of any place to move, and Mr. Personnett stated that he did not now know of any.

Mr. Strandberg noted that budget review did not allow the increase requested for printing and advertising. Mr. Personnett stated that this item is for the printing of manuals as required of the department by statute. Growing population has increased the public requirement for the manuals.

Commodities
(400)

Budget review allowed approximately the same sum as previous year, and did not allow increase. No questions.

Equipment
(500)

The \$1,300 requested by the department was cut by budget review. Mr. Freer explained that this was because there was no increase in personnel. No questions.

Management Services. Entire function of this department has been transferred to the Division of Technical Services.

Rescue and Relief (Lost Persons): The department request of increase of \$2,000 not allowed. Mr. Personnett stated that with strict usage and education of the magistrates

the \$5,500 allowed will suffice. The statutes state the governor may promulgate regulations to control the fund.

Technical Services:

Technical Services. This division was created by a major reorganization of the department, and includes functions and personnel transferred from other divisions. Budget review allowed \$263,500. \$118,900 represents transfer of positions to this division. Mr. Personnett stated vacancy and turnover factor amounts to \$5,400, and \$45,000 represents acceptance by the state of a federally funded traffic safety program. \$15,900 represents salary increases.

Personal Services
(100)

Mr. Strandberg asked why new positions were requested. Mr. Personnett stated that they were requesting personnel needed to perform all services expected of the department, and they have never been optimistic enough to assume they would get all the positions requested. In answer to Mr. Strandberg's inquiry about the \$54,000 increase for personnel over the previous year, Mr. Freer stated that four were employed during the year by executive order for the traffic safety program because of the special grant of federal funds for this program. Strandberg asked if they were aware when they put on these men under the federal program that the state would later have to pick up their salaries. Personnett stated that if the state does not budget for these persons the program would "go down the drain".

Travel:
(200)

Mr. Strandberg noted that the travel request was based upon the other positions, and stated that was

acceptable. No questions.

Contractual
Services
(300)

Mr. Freer stated that a good share of this is for rent. Mr. Strandberg asked if they could remain within the same space, to which Mr. Personnett stated they could.

Commodities
(400)

Mr. Strandberg asked if this item were cut down in line with the positions that are there, and Mr. Freer said it was.

Equipment
(500)

Mr. Freer stated they are not allowed the new positions and therefore new equipment is not necessary.

Division Headquarters. Mr. Strandberg stated that some years ago the state had arranged with Senator Hobson at Barrow for the housing of a state trooper, and asked Mr. Personnett to report on the present status of this situation. Mr. Personnett stated that the trooper is no longer living in Barrow because of the excessive rent charged to the state by Senator Hobson, which amount was \$450.00. Mr. Strandberg requested copies of the exchange of correspondence on this subject. Mr. Personnett stated the state could pay no more than \$250 a month. The Barrow city council agreed that amount charged by Senator Hobson was excessive, and Hobson would not lower the figure. As there was no place for him to live, the trooper could not stay there. The trooper now goes into Point Barrow every ten days for about five days, filling the position out of Fairbanks. Mr. Strandberg asked if there was anyway to find housing for him at Barrow, to which Mr. Personnett replied that the city council is cooperating with the state in an attempt to find something, and the trooper is also looking for housing.

Mr. Strandberg asked if the department had spoken to Mr. Rasmuson about this problem of housing. Mr. Personnett said that if the price was right and if the money was available they would consider going into that new building. Mr. Strandberg stated the situation could be handled by resolution if it were feasible for them to occupy the new building. If the bank is going to finance the building a resolution from the legislature is all they need, and they may not need that. Mr. Strandberg asked Mr. Personnett to determine if quarters for the trooper could be included in the building, and repeated his request for copies of the exchange of correspondence with Hobson stating that his charges were outrageous. Mr. Strandberg stated that he is anxious to see a trooper at Barrow

Division
Headquarters

Personnel
Services
(100)

A clerk typist III at a cost of \$6,600 is requested and allowed by the budget review for division headquarters at Juneau. (See letter from Department of Administration dated March 8, 1968, pertaining to Amendments to F.Y. 1968 budgets). Mr. Strandberg asked for an explanation of the requested position at Anchorage. Personnett explained this is for executive security which works directly out of headquarters. In answer to Mr. Miller's request for an explanation of the definition of "executive security", Mr. Personnett said this was for the governor and any other governmental dignitaries who come to the state, such as the president, vice-president, kings, etc.

Travel
(200)

Mr. Strandberg asked why this amount was cut, and Mr. Freer replied that the amount related to the people transferred to the division of technical services. Mr. Personnett stated that probably an amount of \$5,000 should be put back in for outside travel of a trooper with the governor. The governor is security minded and he definitely feels someone should be with him.

Contractual Services
(300)

The governor has requested that \$8,500 be added to the Printing and Advertising category for plastic coated drivers licenses, which would raise the total in this category to \$49,500. Under Communications Mr. Personnett explained that the Southeastern chiefs of police have received approval for about \$8,500 for their share of a teletype system for law enforcement, and for the state to enter into this arrangement they must pay its share of its costs. The new figure on page 121 of the proposed budget is \$72,400.

Commodities
(400)

The budget review committee cut this item to \$3,500 to provide for new uniforms for new personnel only.

Equipment
(500)

\$13,200 allowed by budget review, plus \$600 as stated in Administration letter for driver's license program equipment. (supplemental letter referred to above, see file).

Mr. Strandberg questioned Mr. Personnett on the trooper situation between Kenai and Anchorage. He said that according to law a car cannot be moved after an accident until a trooper gets there, and the frequency of arrival by troopers there makes this rule impractical. Mr. Personnett stated troopers travel the road at least once a day, and

messages can be left for troopers at various points along the highway. He said he felt it was doubtful that an individual would be reprimanded for moving a vehicle on that stretch of road.

The meeting recessed at 12:00 a.m., and reconvened at 2:00 p.m. Messrs. Strandberg, Haugen and Miller were in attendance. Mr. Ray was excused. Also in attendance were Mr. Personnett and Mr. Freer.

SE District

Personnel
Services
(100)

Southeastern District: Mr. Personnett stated that in the past there was a large turnover in the department, which turnover no longer exists. The department has a large waiting list of possibly employees. If the department were allowed fifteen new troopers they would not be able to hire them until the first of January because of lack of funds. \$180,300 would account for between ten and fifteen men. He stated it would cause a hardship if the vacancy and turnover factor is ^{not} decreased. Mr. Freer stated they cut deeply into this item because of past history, in fact harder than on any other department. Mr. Strandberg asked what Mr. Personnett estimated he needs for this item. Personnett said that when a man terminates about three are ready to come on. Ordinarily he has to wait until terminating man's leave runs out until he can fill the position. He does not anticipate a vacancy for more than a few days in the next year. They now have 25 eligible applicants on the list.

Messrs. Kerttula and Koslosky entered the meeting to question the payment of gasoline by the state for a search currently being conducted for a lost plane in the Palmer area. Mr. Personett explained that the department budget for this item is \$5,500 and magistrates can authorize an expenditure of up to \$250. Mr. Personett suggested that if someone authorized the gasoline purchase it was probably the military, the CAP or the National Guard.

Mr. Sackett arrived at the meeting.

Mr. Strandberg returned to the item of Vacancy and Turnover (Item 7, page 142 of the Budget Request). He asked what 2% would amount to, and Freer answered, "\$130,000". Strandberg suggested this item be lowered to \$130,000. To this Mr. Freer suggested this would bring it closer to 2%. Mr. Strandberg asked Mr. Freer to go back and figure this item on the basis of 2%, and send a memorandum to him on this. Mr. Freer said he would pro rate the \$130,000.

Mr. Miller asked if the state troopers mentioned in the State of the State message were in this budget, and Mr. Personett replied they were. Mr. Miller noted that they added 15 new people but still are below last year's level. Freer said these positions include 5 in Southeast (four troopers and a radio dispatcher) and 7 in South-central (6 troopers and 1 dispatcher).

Travel
(200)

The amount of travel requested is \$43,000 and \$40,000 allowed by budget review. Personnett said with ^{only} four new positions there would be a ~~shortage~~ ^{loss} in travel, and he felt this amount O.K.

Contractual Services
(300)

In the matter of rents and utilities, this amount was included primarily for Juneau in case a move of quarters to larger space. Mr. Strandberg questioned the item on Transportation of Things, which Mr. Freer said was related to positions which are approved. Mr. Strandberg asked how their budget is running to date on contractual services, and Mr. Personnett replied they would be scrimping the last two or three months.

Commodities
(400)

Mr. Strandberg asked if they can provide uniforms for the new men for \$2,000, and Personnett replied that each new uniform costs \$500. Mr. Sackett said he has heard that the material used in the uniform is too thin and they tear easily. Mr. Personnett said they had slowly worked out the "bugs" in the uniforms and that they seem to be well accepted by the public. He admitted they had had troubles with the mukluks. There were no further questions on this item.

Equipment
(500)

Strandberg asked if the amount will equip the new personnel, and was told by Freer and Personnett that it would. Personnett said biggest cut was in the boats requested for the department personnel. Boats men could live upon would provide more efficiency in patrolling and would avoid the

the necessity of chartering high cost planes. No further questions.

Service
Contracts
Personal
Services
(100)

Mr. Strandberg asked the location of the seven new troopers and was told by Mr. Personnett 4 were to be assigned to Anchorage, 1 to Bethel, 1 to the Aleutian chain and 1 to the Kenai Peninsula. He said last year they moved three or four troopers down on the Peninsula. Mr. Miller questioned how Anchorage can be covered by the present number of troopers. Mr. Personnett stated that the Greater Anchorage Borough has indicated that it will help with police protection in the future, and would split 50-50 for this protection. This would give them a higher level of service.

Mr. Freer explained that two new positions not included in the budget request have been authorized by executive order (see letter from Department of Administration dated March 8, 1968). They are for two Clerk IV positions, one for Sitka and one for Soldotna. The two positions will be shared by Department of Revenue and Department of Public Safety for the purpose of issuing licenses, but would be budgeted only to the Department of Public Safety for bookkeeping purposes. Mr. Strandberg asked that the Sitka position be added to page 144, and the Soldotna position added to page 201.

Travel
(200)

Mr. Strandberg asked why no travel allowance was requested for the new troopers. Mr. Freer pointed out no travel was requested for Anchorage, and Mr. Personnett stated roving patrol is under a different classification. Mr. Sackett

asked if they anticipate much travel in the areas outside of Anchorage, and Mr. Personnett explained that this would come under contractual services. Mr. Strandberg asked Mr. Personnett if enough was allowed for travel, and he answered that if troopers were put in other areas they would need more money. He said he would have to go back and find out where they will be assigned. Mr. Strandberg said he wants this information now so they will be ready to go on the close out, and is convinced they need no more travel.

Contractual
Services
(300)

It was noted that much of this item was for the rental of vehicles, and Mr. Strandberg asked how many cars were needed for the additional troopers. Mr. Personnett replied one car is needed per three men in a metropolitan area. Freer said four vehicles were given. Mr. Personnett said that to fully utilize a trooper in such places as Aniak he must have the ability to patrol the outlying areas or he is wasted. This is accomplished by the use of charter airplanes. Mr. Strandberg asked Mr. Personnett how much more he wanted and stated that by Monday morning he expected the new figures for anything out of line.

Messrs. Kertula and Koslosky entered the meeting and stated they had spoken to the governor and to Mr. Willard Johnson at Palmer, who stated the Matanuska Electric Association had been picking up the tab for the gas used in the Palmer search. The Palmer people were told that if they run out of money for the search they were to notify Mr. Personnett or the governor. The contingency fund could be

used for this purpose. Messrs. Kertula and Koslosky left the meeting.

Commodities
(400)

Mr. Personnett stated that the clothing item was cut by budget review. This was for the requested positions. Mr. Strandberg asked if equipment was in for the new positions, and Mr. Freer answered that it was. No questions.

Equipment
(500)

Mr. Personnett stated that river boats and snow machines were needed by the troopers to drive right up to villages, in winter and in summer. No questions.

Mr. Freer stated that the communications equipment requested on page 257 is to back up the amount under communications equipment for this program. No questions.

Page 258, the amounts apply to ASHA facilities provided by Division of Buildings to this Department at locations indicated.

NW Region
Personal
Services
(100)

Mr. Miller asked there is one less person than last year, and Mr. Freer said four positions were transferred out from last year; they were needed less in the Northwest region and more in other areas. Mr. Miller inquired about new positions, and Mr. Strandberg said there was one. Mr. Strandberg asked how the department was getting along in Fairbanks. Mr. Personnett said some men were transferred because they needed additional training personnel, and so they took one man from each region and put them into training. Later on in the year the training programs were not going so fast. After the flood there was a lack of need for the men, so he moved one or two people out. They

were needed more somewhere else. He would like to put more people back in Fairbanks now, as the need is starting to build up again. Mr. Miller asked about Mr. Sackett's area. He was told to refer to page 274 of the budget request for new positions in that area. Mr. Miller asked about a trooper for Fort Yukon, and Mr. Personnett stated one would be assigned there as soon as housing was made available. If housing could not be made available prior to some made available by ASHA, they would have to wait. He stated that mobile homes may be the answer in the out-lying areas. Mr. Miller stated that Fairbanks is the only district to be cut and they need more troopers. Mr. Personnett agreed with him. Mr. Miller said the deputy commissioner is raising a fuss in the press about the trooper situation there. Mr. Strandberg said that troopers were not qualified to work on marijuana cases anyway. Mr. Personnett said this was true, but he makes an excellent undercover man. They would like to contract for one man to cover the University. There ensued a short discussion of the narcotics problem at the University of Alaska.

Travel
(200)

Mr. Strandberg questioned the amount for travel, and Mr. Personnett stated there is no problem in the Northwest Region.

Contractual
Services
(300)

Mr. Strandberg said this was the same as for the current year, and questioned the item of rental at Barrow. Mr. Personnett said he did not want to remove this item as some housing may become available.

Mr. Personnett stated the department is starting a new program which will utilize charts to determine where the men are needed most. The chart will show how long it will take a trooper to respond to a call (in Aniak as opposed to Fairbanks, for example), and will show the type of crimes handled. He tries to keep men in an area just so long as they are needed, and when the need is over he sends them on to another place of need. Mr. Strandberg discussed the need for check points along the highway from Tok to the border in the winter. Mr. Personnett stated he feels highway safety includes highway communications and check points. People should know there is a telephone up ahead which can be used for help. He has made application for this kind of project.

Commodities
(400)

There were no questions concerning this item.

Equipment
(500)

Mr. Strandberg questioned what the \$10,400 item was for last year, and Mr. Freer said two vehicles in the enforcement section were added, plus other related equipment. They are requesting only one additional vehicle next year. Mr. Personnett said practically the same applies here as in other regions. Mr. Freer said this item was raised by the Finance Committee last year from his recommended figure. Mr. Personnett said all the equipment had been added. Mr. Sackett asked if a vehicle was needed if men were put in Barrow and Fort Yukon, and Personnett said that Barrow has a pick-up, and Fort Yukon will need a vehicle. Sackett questioned the amount of highway in Fort Yukon. Mr. Haugen

asked what the employment was in Fort Yukon, and Mr. Miller stated that it was primarily fishing.

Fire
Prevention
Personal
Services
(100)

Mr. Personnett commented on fire safety inspection program and said there were 22 fire deaths last year as opposed to some 70 deaths the year before.

Adjournment: The meeting was adjourned until 8:30 a.m., Monday the 11th of March.

HOUSE FINANCE COMMITTEE MEETING

March 11, 1968

8:35 a.m.

Present:

All members of the House Finance Committee were present except Mr. Strandberg who was excused. Also present was Mr. John Elliott, Executive Director of the Legislative Affairs Agency.

HB 660

Mr. Haugen opened the meeting. It was moved and unanimous consent that HOUSE BILL NO. 660 (appropriating \$80,000 to the Legislative Affairs Agency) be considered by the committee. No objection, it was so ordered.

Mr. Elliott presented a prepared statement to the committee justifying the request for a supplemental appropriation (in HB 660 file).

It was noted that the memorandum showed \$8590 for Temporary Employees for a 60-day session and Mr. Sassara asked how much more would be needed to pay the temporary help for the 75-day session. Mr. Elliott said that was included in the \$54,666.

Mr. Sassara asked for the daily cost of temporary employees. Mr. Elliott replied it was \$1,544 per day and \$2,100 per day for the legislators.

Mr. Sassara said that HB 660 had been assigned to his subcommittee and his research indicated to him that the bill should make provision for an 85-day session and the bill should be amended to \$116,440 and he would round it to \$117,000. Mr. Sassara moved and asked unanimous consent to amend HOUSE BILL NO. 660 to \$117,000. Objection was heard. Mr. Sassara stated that he didn't know how many of these bills the committee wanted to act on, he personally

felt they should appropriate enough in this bill so the committee won't have to consider any more. He stated that if there was any money left over it would lapse into the General Fund.

Mr. Strandberg joined the meeting.

There was general discussion on the probable length of the session--no agreement. Mr. Strandberg stated that he felt the bill should be for 80 days, but suggested that the committee let the bill go through for the 75 days and if more money is needed it can be appropriated.

Mr. Ray moved and asked unanimous consent to amend HOUSE BILL NO. 660 to \$101,000. Objection was heard. Mr. Ray withdrew his motion.

Mr. Strandberg asked Mr. Elliott when the Council had considered this bill. Mr. Elliott replied a week ago Saturday (March 2).

Mr. Miller moved and asked unanimous consent that HOUSE BILL NO. 660 be reported out of committee with the \$80,000 figure. Objection. Chairman Strandberg requested a vote. 5 voted for the motion, 2 were opposed. Mr. Miller moved to rescind his motion. No objection, so ordered. Mr. Strandberg requested a few minutes so that he might confer with Senator V. Phillips regarding this bill.

Mr. Strandberg returned to the meeting and stated that Senator Phillips had agreed to the provision being changed to provide for an 80-day session. It was noted that this would require \$98,220. It was moved and unanimous consent asked that HOUSE BILL NO. 660 be amended to \$100,000. Objection was heard. Chairman Strandberg requested a vote

Amendment

on the motion. Five voted "Yes" and one opposed. Carried. An amendment was prepared for HOUSE BILL NO. 660, page 1, line 9, delete "80,000" and insert in lieu thereof: "100,000".

Mr. Strandberg questioned some of the travel performed by the Legislative Council. Mr. Elliott stated that all travel had been voted on and unanimously approved by the council being fully aware that they would have to justify the expenditures. Discussion ensued relative to travel performed by the various departments which had been severely criticized by the audit committee and Mr. Strandberg felt that the Council was going to get into trouble if an audit were called on this matter.

It was moved and unanimous consent asked that HOUSE BILL NO. 660 as amended be reported out of committee with a "do pass" recommendation. No objection, it was so ordered.

DEPARTMENT
OF NATURAL
RESOURCES
BUDGET

Mr. Strandberg said the committee would review the Department of Natural Resources budget. As Mr. Sackett had been chairman of this subcommittee, he would submit his findings and recommendations to the committee.

Commissioner's
Office

Mr. Sackett noted that the department had requested \$83,400 for the Commissioner's Office and that the review committee had reduced it to \$75,600, not including the intra-agency charges.

Personal
Services
(100)

Mr. Sackett said that this item had been left at last year's level, taking into consideration the state pay raise and the vacancy and turn-over factor. No new positions had been added. Mr. Sackett moved and unanimous consent that the figure of \$63,000 be accepted. No objection, it was so ordered.

Travel
(300)

Mr. Sackett noted the reductions in the Governor's Allowance and stated that he felt this was too tight a budget, especially with the increased activities in oil and gas industry, agriculture, mining, and so many functions of this department located in various sections of the state necessitating that the commissioner travel to all of these areas. Mr. Sackett also noted that there will be no lapse of funds in this item this year as they are already exhausted. He felt that this item should be increased \$1,000 and moved and asked unanimous consent that the figure of \$5,400 be accepted. No objection, it was so ordered.

(INCREASE)

Contractual
Services
(300)

Mr. Sackett noted the cut-back by the review committee and stated that there were only two problem areas under this item. The major one is item 390, Other Contractual Services, where the department had requested \$1,300 and it had been reduced to \$700. Mr. Sackett said the amount requested was to cover costs of publications and subscriptions which are important to this department and said he felt the department needs the information available from these subscriptions. He recommended that item 390 be raised to \$1,000. The second area is under item 340, Repairs, Services and Alterations. It had been thought that the department was going to move to another building, but are going to have to stay where they are and it is necessary for the department to put in a partition and add some chairs. He recommended that this item (340) be increased \$100. Mr. Sackett moved and asked unanimous consent that the figure of \$7,900 be accepted for Item 300. No objection, it was so ordered.

(390)

(340)

(INCREASE)

**Agriculture
Meeting**

Mr. Miller said that there was a problem in the agriculture section of this department and asked permission to write letters and set up a meeting. Mr. Strandberg said they would let Agriculture go until after a meeting can be arranged.

**Commodities
(400)**

Mr. Sackett stated that this item is at the same level as authorized last year and there was no quarrel with it. He moved and asked unanimous consent that the figure of \$700 be accepted. No objection, so ordered.

**Intra-Agency
Charges
(900)**

This item will be taken up separately later with other departments -- no discussion.

**Equipment
(500)**

Mr. Sackett noted that this item had been zeroed out by the review committee. He stated that during his investigation and research on this budget that the department had a real need for another bookcase. He moved and asked unanimous consent that \$150 be accepted for the purchase of a bookcase. No objection, so ordered.

(INCREASE)

Mr. Sackett moved and asked unanimous consent that the total figure of \$155,650 be accepted for the Commissioner's Office. No objection, so ordered.

**TOTAL
Commissioner's
Office**

Representatives Ray and Sassara joined the meeting. Also entering the meeting at this time were Messrs. Freer and Smith of the Division of Budget and Management, Department of Administration.

DEVELOPMENT OF
MINERAL RE-
OURCES

Administration Mr. Sackett noted that the over-all budget for Administration had been reduced from the requested \$103,000 to \$92,600 or a 4% increase over last year.

Personal
Services
(100)

Mr. Sackett said that this figure is based on the statewide salary increase and vacancy and turn-over factor. He noted that by the Governor's Executive Order two positions had been added; however, two positions had been transferred into other branches of this section.

Mr. Strandberg advised the committee that they were having a lot of trouble in Anchorage since the department moved the office of the Mineral Resources Development out of Anchorage and just left a clerk in there. Mr. Strandberg felt that the department is going to have to move an engineer back into Anchorage. He said he was going to talk to Mr. Kelly about this and the committee can open this section of the budget again later as he (Mr. Strandberg) doesn't think it is going to work the way the office is operating now.

Mr. Sackett moved and asked unanimous consent that the figure of \$71,700 be accepted for Personal Services. No objection, it was so ordered.

Mr. Borer requested an explanation of the personnel as shown on pages 32 and 33 of the budget request. It was explained that at the time this function was moved to Fairbanks, the majority of the employees resigned and new people had to be hired, therefore, the lesser scale. It was also brought out that the number of personnel remained the same because

of the two positions which were transferred--one to the Mining Branch and one to the Petroleum Branch--and the two positions which were added to the Administrative Branch by Executive Order. Everyone was transferred to Fairbanks with the exception of one in Juneau and one in Anchorage.

Mr. Ray mentioned that the move was supposed to have cost around \$55,000 and so far it has been about \$150,000.

Travel
(200)

Mr. Sackett noted that the department had requested the same amount as was authorized last year and it had been reduced \$1,400. Mr. Sackett felt that now that this function is all in one area it will not be necessary to do as much traveling. Mr. Sackett moved and asked unanimous consent that the figure of \$3,600 be accepted. No objection, it was so ordered.

Contractual
Services
(300)

Mr. Sackett said the two main items in this code were communications and printing and advertising. He felt that now that this division is located in one area, the amount allowed by the review committee is sufficient for communications(310). However, the majority of the funds requested for printing and advertising (320) is for the reprinting of four exhausted Division geologic and geochemical reports. The department had indicated that if this item is reduced to the \$2,000 the reports will not be reprinted.

Mr. Strandberg said that he didn't think it was wise to cut that item back--it was too tight. Mr. Borer asked what the reports were and was told that they are regular reports on mineral investigations put out by the division. In reply to a question on whether the reports are sold, the answer

was yes and that the money goes into the General Fund. Mr. Sackett recommended that the figure for item 320 be raised to the \$3,450. Mr. Freer asked that it be rounded for easier accounting. Mr. Sackett moved and asked unanimous consent that the amount for Item 320 be raised to \$3,400. No objection, so ordered.

Mr. Sackett moved and asked unanimous consent that the figure of \$16,300 be accepted for Code 300, Contractual Services. No objection, it was so ordered.

(INCREASE)

Commodities
(400)

Mr. Sackett moved and asked unanimous consent that the figure of \$2,000 be accepted for Code 400, Commodities. No objection, so ordered.

Equipment
(500)

Mr. Sackett moved and asked unanimous consent that the figure of \$400 be accepted for Code 500, Equipment. No objection, so ordered.

(INCREASE)

Mr. Sackett moved and asked unanimous consent that the total figure of \$94,000 be accepted for Mineral Resources Development Administration. This figure was accepted with the provision that it could be reopened because of the needed engineer in the Anchorage office.

Mr. Strandberg stated that he was going to check with the department and see what they were going to do. He did not believe it had been the intent of the Legislature to move everyone out of the Anchorage office--all they have is a secretary and she is unable to answer the questions and it is causing trouble in that area. Mr. Borer questioned why

the move had been made. Mr. Strandberg replied to move activities regarding mineral development to one spot--most states do it and it would get the Bureau of Mines, Geological Survey and Mines all under one roof. It is hoped that federal money will be available to help construct one building (at the University) to house these activities.

MINING
BRANCH

Mr. Sackett noted that in the overall budget for this branch the review committee reduced the amount from \$108,800 to \$74,700.

Personal
Services
(100)

Mr. Sackett stated that the department request was a general increase for reclassification, state pay raise and addition of personnel. The new position was deleted by the review committee. Mr. Sackett said that he understood it is the Governor's recommendation that a draftsman be included in this budget and that he (Mr. Sackett) was not going to move on the figure.

It was stated that a request from the Governor may be coming for the additional person--a Draftsman III--for this branch. Mr. Strandberg said that with the problems which have risen with pollution, native land claims and the preparation to go to Washington on these matters, this request may have got bogged down. Mr. Strandberg said he would go down to the Governor's office and get it straightened out.

Mr. Borer questioned the salary scales and that it appeared that they had decreased the personnel. Mr. Freer explained that the difference in pay scale was the necessity to fill

some of these positions with new people and difference in pay scale between Fairbanks and Juneau. The decrease is one temporary employee. Mr. Borer asked why aides are only provided for two months. It was explained that that is about the length of time it is possible for these employees to be out in the field on investigations. The aides go as assistants to the engineers. They are usually college students who use this experience to write papers for their specific fields. All engineers do not have assistants. It was moved and unanimous consent asked that the figure of \$57,800 be accepted for Code 100, Personal Services. No objection, so ordered.

Travel
(200)

Mr. Sackett said that the increase authorized last year was because of the move and research indicated that the branch did not spend all of the money authorized during the last two years he would move and ask unanimous consent that the figure of \$8,000 be accepted. No objection, it was so ordered.

Contractual
Services
(300)

Mr. Sackett said the major expenditure under this code would be under 360 for equipment rental of chartered aircraft to be used in field investigations. The branch will have four teams going into the Seward Peninsula - centering most of their activities in that area and travel will have to be by charter aircraft. Mr. Sackett said that he would recommend that this item be raised to \$2,700.

Mr. Miller left the meeting.

Mr. Strandberg said that this is the worst budget in the state for what they are supposed to be doing. He said it seems to be an administrative problem and he is not satisfied with it. Mr. Strandberg said if it isn't straightened out pretty soon it is going to be a mess and we may as well forget about it.

Mr. Sackett said that under item 320, printing and advertising, the review committee had reduced this figure to previous year levels. The department had requested the increase in order to publish six geochemical field investigation reports, including maps. The additional sum requested also reflects increased printing costs.

Mr. Borer stated that he thought that a duplicating service was being set up here in Juneau. Mr. Freer said that it was being set up for the Juneau area and wouldn't be able to handle this type of printing.

Mr. Strandberg mentioned that these reports are very important and are all watched by people in the mining industry. He stated that while Mr. Herbert was in charge of this area the reports were published and used by the mining companies. He cited the Slana area as a good example of a company going in as a result of these investigation reports indicating it as a favorable area. Mr. Strandberg felt that there should be no slow up in putting out these reports or publications. In reply to a question on why Mr. Herbert left, Mr. Strandberg said Mr. Herbert had wanted to get back into private practice. Mr. Sackett said he would recommend that the figure for item 320 be raised to \$3,000, and moved and asked unanimous consent that the figure of \$10,400 be accepted for Code 300, Contractual Services. No objection, so ordered.

(INCREASE)

Commodities
(400)

Mr. Sackett stated that this item appears to be based on actual costs for the past two years and moved and asked unanimous consent that the figure of \$600 be accepted. No objection, so ordered.

Equipment
(500)

Mr. Sackett noted that the department request of \$1,400 had been reduced to \$300. All furniture and equipment for the new draftsman (eliminated) had been cut out. Mr. Sackett said that the commissioner had suggested that if there was need for these items, they could be paid for out of Lands. Mr. Sackett said he explained to the commissioner that monies cannot be used between the various divisions. Mr. Sackett moved and asked unanimous consent that the figure of \$300 be accepted. No objection, so ordered.

(INCREASE)

Mr. Sackett moved and asked unanimous consent that the figure of \$77,100 be accepted for the Mining Branch. No objection, it was so ordered.

METALLURGY &
PETROLEUM
BRANCHES

The committee was advised that the budgets for these branches would not be discussed until receipt of the Governor's proposal. Mr. Strandberg said that he would check on this .

GEOLOGY
BRANCH
Personal
Services
(100)

Mr. Sackett noted that the increase requested was for the statewide salary increase as there were no additional personnel requested. The reduction by the review committee was in the vacancy and turnover factor. It was felt by the committee that the amount for vacancy and turnover was too high and it was recommended that Personal Services be increased \$1,500. Mr. Sackett moved and asked unanimous consent that the figure of \$85,000 be accepted for Personal

(Increase)

Services. No objection, so ordered.

Level
(200)

Mr. Sackett said that this branch plans to have four parties in the field for an estimated 720 days. In the meeting with Commissioner Kelly, the commissioner had indicated that the proposed travel to Mexico City would be of no particular value to the department, but that he would like to see the travel to Menlo Park left in as it is necessary for the department to keep abreast of the U. S. Geological Survey plans for field work, projects of most benefit to the state and cooperation with that agency.

Mr. Sackett moved and asked unanimous consent that the figure of \$9,900 be accepted. Objection was heard.

Discussion followed on lapses occurring in this item in previous years. Mr. Strandberg pointed out that the only reason for the personnel in this branch was to conduct field investigations and if they were not out in the field there was no reason to have them and the position should be cut out. He asked Mr. Freer if there is going to be any lapse in this item this year. Mr. Freer said there probably won't be.

Mr. Borer noted that there had been an overall increase in the Governor's allowance of 15% for this branch. Mr. Freer stated that one position had been transferred into this area. Mr. Sackett called the attention of the committee that everything else had been cut down and he had recommended to the Commissioner that he write a letter to the Governor on this position.

INCREASE)

Mr. Sackett moved and asked unanimous consent that the figure of \$9,900 be accepted for Code 200, Travel. No objection, it was so ordered.

Contractual
Services
(300)

Mr. Sackett noted that the main areas of reduction by the review committee were for printing and advertising and equipment rental; the other areas were not too bad. He felt that with the field investigations to be made, the amount allowed for equipment rental--boat rental, aircraft charter, etc.--was not enough and would recommend an increase of \$1,500 for this item(360). He explained that the budget request for item 320, printing and advertising, was for printing of 8 geologic reports for publication and reprinting of USGS maps and reports that are out of print. He recommended that this item be increased \$1,000. Mr. Sackett moved and asked unanimous consent that the figure of \$14,600 be accepted for Contractual Services. No objection, it was so ordered.

(INCREASE)

Mr. Borer noted that under Administration the committee had authorized an increase for printing of publications. Mr. Strandberg explained that they were different items entirely. There are a lot of the U.S. Geological reports that are out of print and you absolutely can't buy. Some of these are reports that cost \$25 and \$30 which are being reprinted. These are sold to the public and the money goes into the General Fund.

Mr. Sackett said that because of the increased printing costs the price for the publications will be raised. Mr. Strandberg said he felt that there should be a charge for the Land Lines

which is published by the department--he felt that with the free distribution, a lot of people on the mailing list just toss it.

**Commodities
(400)**

Mr. Sackett moved and asked unanimous consent that the figure of \$900 be accepted. No objection, so ordered.

**Equipment
(500)**

Mr. Sackett noted that the review committee had knocked out the Gamma ray differential spectrometer and the Magnetometer, both of which were very expensive instruments. He also explained to the committee that last year the branch had been authorized and purchased a tracked field vehicle but had found it was too small for their needs and had turned it in on a different one. They now wanted a trailer for the vehicle--which was eliminated by the review committee. He moved and asked unanimous consent that the figure of \$300 be accepted for Equipment. No objection, so ordered.

(INCREASE)

Mr. Sackett moved and asked unanimous consent that the total figure of \$110,700 be accepted for the Geology Branch. No objection, it was so ordered.

PROSPECTOR
AID

Mr. Sackett said that the commissioner had indicated that with the additional (6) applications the department has now and anticipated applications, they would be able to use the total \$30,000 requested. The main problem in this item is the inability of the department to check on the people using these funds.

Mr. Strandberg felt that the people in the existing budget should be able to handle the problem. He did not like the

way the program is being operated and he felt a letter of legislative intent should be written to the department to check on these people.

Copies of a report prepared by the department on this program were distributed to the committee.

Mr. Strandberg stated he was against any increase in the Governor's allowance and if the department felt it should be increased, they should come in with a reason why.

Mr. Sackett said the commissioner had told him the only problem was in checking on the people as it often required chartered aircraft and there was not enough money in the budget for the charters.

Mr. Sackett moved and asked unanimous consent that the figure of \$25,000 be accepted for Prospector Aid with a Letter of Legislative Intent which Mr. Strandberg will work up. No objection, so ordered.

Mr. Borer recommended that the committee receive an explanation from the department of just what has been accomplished by the program. Mr. Strandberg stated that there have been some promising discoveries and if there was one good hit, it would more than pay for the funds which have been expended.

Mr. Strandberg requested that the committee go back to page 197 of the Budget Document (Summary - Development of Mineral Resources). He noted that last year the unrestricted general fund receipts were \$353,400 and this year \$358,900 and did not feel this was much of an increase, and that there was \$191,400 in the Special Fund. Mr. Smith brought out that the Oil and Gas Conservation Fund was under Program Receipts last year--\$162,200. Mr. Strandberg said that these receipts

LETTER OF
INTENT

were taken out of program receipts and a special fund set up to carry portions of this program--1/2 of 1 percent. Mr. Sackett noted that revenue has increased to \$187,000 for this year.

Mr. Sassara asked if the state didn't have an obligation to spend that money on these specific programs. Mr. Freer said the money is reserved out of the General Fund balance. Discussion followed on how the money is handled within the General Fund. Mr. Strandberg explained that actually when the fund was set up it was supposed to pay the cost of setting up boundaries for lease sales and publication of reports. As the funds grow it will be used for funding more of the petroleum branch. Mr. Smith stated the entire Petroleum Branch was funded out of the Oil and Gas Conservation Fund. Mr. Sassara expressed concern that the legislature would be criticized by the industry if too much of a balance is carried over in this fund. Mr. Strandberg said that so far only between \$25,000 and \$30,000 was being carried over and it was felt that this was a good cushion.

Mr. Borer said that he would like to see an analysis of this program for the last three years -- development of natural resources -- have somebody tell the committee what it is accomplishing and whether anything is really being done with it.

Mr. Strandberg said that the state can't cut the program. He said there are two functions -- metallurgy which deals with assaying and the mining branch that gets people out in the field and delineates areas of possible resources. Many companies are using the data collected by Mines and

and are prospecting in these areas. He reiterated that if just one good discovery were made, it would pay back all the money expended on this program and much more.

Mr. Strandberg suggested that the committee get a list of the publications and have Mr. Williams outline to the committee just what subsequent work has been done since the publications were published. Mr. Strandberg said he knew it isn't working right--he didn't think there was enough money in the program. He also thought there should be broader investigation in other areas, but did not believe the department has the expertise to go further at this time.

Mr. Strandberg requested that Mr. Freer review the Oil and Gas Conservation Fund and send a memorandum to the Finance Committee on it.

Mr. Sackett said he could not report on Land Management right now, but hoped to have the figures on it by tomorrow morning and would be ready to close it out. Mr. Sackett added that the committee would have to have Mr. Snodgrass come down regarding Agriculture.

Mr. Strandberg said there were other problem areas and the committee would have to have a hearing with Lands.

Mr. Sassara said he hoped to be able to report on the Department of Commerce by Wednesday.

Mr. Strandberg announced the committee would meet again at 1:00 p.m.

Recessed at 11:10 a.m.